DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
HOUSE OF COMMONS

FIRST SESSION—EIGHTEENTH PARLIAMENT

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1936

CANADA

House of Commons Debates

OFFICIAL REPORT

FIRST SESSION—EIGHTEENTH PARLIAMENT

The seventeenth parliament having been prorogued on the fifth day of July, 1935, and dissolved by proclamation on the fifteenth day of August, 1935, and writs having been issued and returned, a new parliament was summoned to meet for the dispatch of business on Thursday, February 6, 1936, and did accordingly meet on that day.

Thursday, February 6, 1936

This being the day on which parliament is convoked by proclamation of the Governor General for the dispatch of business, and the members of the house being assembled:

Arthur Beauchesne, Esquire, C.M.G., M.A., K.C., F.R.S.C., the Clerk of the House, read to the house a letter from the Governer General's secretary informing him that the Right Honourable Sir Lyman P. Duff, Chief Justice of Canada, in his capacity as Deputy Governor General, would proceed to the Senate chamber on Thursday, the 6th of February, at 12 noon, to open the session.

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:—

Gentlemen of the House of Commons:

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 chamber, when the Speaker of the Senate said:

Honourable Gentlemen of the Senate:
Gentlemen of the House of Commons:

I have it in command to let you know that His Excellency the Governor General does not see fit to declare the causes of his summoning the present Parliament of Canada, until the Speaker of the House of Commons shall have been chosen according to law; but this afternoon, at the hour of three o'clock in the afternoon, His Excellency will declare the causes of calling this parliament.

And the members being returned to the Commons chamber:

ELECTION OF SPEAKER

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Beauchesne, the thought which is uppermost in the minds of all hon. members as we meet at the beginning of this first session of the new parliament is, I am sure, the great loss which our country, in common with all the countries of the British Empire and indeed of the world, has sustained in the death of our greatly beloved Sovereign, King George V.

It would be our wish, at the earliest possible moment, to convey to His Majesty King Edward VIII, to Her Majesty Queen Mary, and to the members of the Royal Family, an expression of the deep sympathy of the House of Commons in their sorrow and bereavement and, also, to express to King Edward our loyalty and devotion. I have to remind hon. members, however, that the House of Commons has not a voice wherewith to communicate in these matters except through the Speaker of the house. The Speaker is the channel of communication between the commons and the crown. As yet, we have not selected a Speaker of the commons.

There is another duty of which I have also to remind hon. members, and it is that before entering upon any other proceedings we should hear from His Excellency the Governor General the reasons why His Excellency has summoned hon. members to meet him in parliament. We have just been reminded in another chamber that His Excellency does not see fit to disclose the reasons which have caused him to bring us together until the House of Commons has elected its Speaker in accordance with law.

When these two duties have been performed, I think it will be more than appropriate, and I know it will be the wish of all, that we then proceed immediately to pass an address to His Majesty the King and a message of condolence to Her Majesty Queen

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Mary. However, we are not yet constituted as a house; indeed, parliament itself cannot be said to be constituted until after the commons have chosen their Speaker. I therefore suggest that here and now we select and elect our speaker, and I wish to propose, as one who is a fit and proper person for that position, Mr. Pierre-François Casgrain, the member for Charlevoix-Saguenay.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: The applause which has just greeted the name of Mr. Casgrain would indicate that at least to the hon. members on this side of the house the choice will be eminently satisfactory. I hope it will prove to be equally so on the part of all members of the house.

May I say a word to hon. members of the practice which prevails in the election of a Speaker. In most matters, as all hon. members know, we follow at Ottawa the procedure and practice of the parliament at Westminster. At Westminster, however, the practice has been, with regard to the Speaker, that, once he is elected, he is done the honour, if he is still a member of parliament, of being renominated at each succeeding parliament. Indeed, until last year, the practice had been not to offer opposition to the Speaker of the British House of Commons in a general election.

A similar practice, however, has not been followed in Canada since confederation. The reason, I imagine, is that in our country the population is so largely drawn from those of English origin and those of French origin that it has been felt appropriate that the Speaker of one parliament should be one who is of English descent and the Speaker of the next parliament one who is of French descent. In three instances, however, Speakers of previous parliaments have been re-nominated—this was the case with Speakers Cockburn, Rhodes and Lemieux. Each of these gentlemen was re-elected at the first session of a new parliament succeeding the one in which they had, in the first instance, been chosen Speaker. At the time of their re-election they were in parliament. The occupant of the office of Speaker in the preceding parliament is not a member of parliament at the present time. Consequently such a possibility need not at the moment be considered.

There is another circumstance which I feel it is my duty to bring to the attention of hon. members. In Great Britain the practice has been to have the Speaker nominated, not by a member of the government but by a private member—this in order to make it perfectly clear that, whoever is chosen as Speaker, is the choice of the members of the commons themselves and not an appointee of the government. In Canada the practice since confederation has been different; the Speaker has been nominated by a member of the ministry, the prime minister, in fact, and I think the nomination has in all cases been accepted by members of the commons. It is but right, that the ministry should have at least an opportunity to make known its view with regard to the person it thinks should be appointed to the high office of Speaker. I wish to make it very clear, however, to hon. members, that the choice of a Speaker is the choice of the commons itself, and that hon. members themselves must elect the one who is to be the occupant of that office.

May I say a word as to the position of Speaker. It is, as we all know, the highest office in the gift of the House of Commons and the most honourable. Its occupant becomes the first commoner. He is the presiding officer of the house and, as such, has great responsibilities. To him is entrusted the custodianship of the honour, the rights, the privileges and the prerogatives of the commons. As presiding officer, he must, above all other qualifications, possess those of fairness and impartiality as between members of all parties in the House of Commons. Indeed, he is the protector of the rights of every individual member. It is also essential that, whoever be the occupant of that position should have a knowledge and a wide experience of the rules and regulations of the house. He must be familiar with parliamentary procedure, and he should also be possessed of a disposition which makes it easy for him to reconcile differences where they may arise, and at all times to see that the business of the house is carried on with the decorum that befits a great assembly such as this, which is representative of the nation.

I recognize that these are many qualifications, many virtues, to expect to find in any one man, but I do believe they are possessed in large measure by Mr. Casgrain, the gentleman whose name I have just proposed.

Mr. Casgrain has been for many years a member of the House of Commons—nearly twenty years, I think—and during most of that time has acted as one of the whips of his party, and for at least ten years as its chief whip. It may be thought by some that the position of chief whip would not necessarily be a qualification for the office of Speaker. I may point out, however, that the qualities which enable an hon. member to command the confidence of his own party are qualities

which are likely to enable him to command equally the confidence of the house as a whole. The experience gained in the office of whip, in dealing with members of all parties in the house, in adjusting differences as they arise, and in doing what is necessary to facilitate and expedite the business of the house, should prove to be an invaluable asset to one who occupies the position of Speaker. The position of chief whip in the English parliament, and indeed I may say also in our parliament, is one which is recognized as being almost on a par with that of a minister of the crown. One who over a period of years renders faithful service in such a position, a service which is not to his party only, but to the whole house, has a right, I think, to feel that his services will, if the occasion arises, be suitably recognized by the House of Commons as a whole.

I might mention that Mr. Casgrain has had considerable experience in the practice of law, and has the honour of having been for many years a king's counsel. I am sure my right hon. friend, the leader of the opposition, will agree with me that a legal training, while not absolutely essential, is, nevertheless, of great assistance to one who occupies the position of Speaker. The questions that arise, the legal and constitutional points that have to be considered, the decisions that have to be quickly made, are all of a character which demand of the occupant of the chair a trained and disciplined mind and make of great advantage legal experience where it can be found.

With respect to any possible question of partisanship may I say that there is a noble tradition in the legal profession of Canada, as of other parts of the British Empire, that where members of the bar receive appointment to the bench they leave behind their partisanship and adopt a judicial character which is beyond question. That tradition, I think, is equally true of those who have been strong party men and have come later to occupy the position of Speaker in the House of Commons. I believe it will be equally true of the hon. member for Charlevoix-Saguenay, when he leaves the floor of the house to ascend the steps which taken him to the chair.

May I mention that the hon. member for Charlevoix-Saguenay also has what I regret to say most of us have not, a fluent command of both the official languages of parliament. Like so many of his compatriots, he not only has a perfect knowledge of his own language, but can put to shame many of his English-speaking associates in the facility of expression which he has in their tongue. That, I am sure, is a qualification which will be appreciated by hon. members of this house.

I might mention other qualifications, but I shall content myself with saying that I believe Mr. Casgrain possesses the character and has in his personality those qualities, which will enable him to discharge the duties of Speaker of this house to the satisfaction of all hon. members, and will perform those duties with impartiality and dignity. I therefore move, seconded by Mr. Lapointe:

That Pierre-François Casgrain, member representing the electoral district of Charlevoix-Saguenay, do take the chair of this house as Speaker.

Right Hon. R. B. BENNETT (Leader of the Opposition): "Sir, we are met together to exercise a very important privilege of this house." Those are the words of Lord John Russell; therefore we may take them as being singularly apposite to what I have to say.

It is a long established custom in this house—in fact it has become almost a rule of law—that a member of French descent should follow in the Speaker's chair a member of British descent, and that they should alternate in the holding of that high office. As the right hon. Prime Minister (Mr. Mackenzie King) has said, that rule has been departed from on few occasions. The rule is salutary; it should be observed, and on this occasion it is the right of a member of French descent to be elected to the chair of this house. That I think, cannot be gainsaid. And it is a matter of satisfaction to every member of this chamber that on the government side there are large numbers of men qualified by experience, by training and by knowledge to occupy that high office.

The duties of a Speaker are very onerous. In my short time in this house I have been frequently impressed by the fact that as yet we have not been able to appreciate the value of tradition. The newness of our desks, the surroundings of this building, are not conducive to memory of great traditions. The old House of Commons called up more traditions than this building does; it could not help but do so. When one thinks, in the great house at Westminster, of what noble traditions are called into being and what imaginary pictures must pass through the minds of the men who occupy seats in that chamber, one realizes that in a new country we suffer from many things, not the least of which is the lack of great traditions. But we are making traditions; as we make precedents we create traditions. The stories that are told from man to man; the tales that are circulated with respect to the sayings of this or

that great member of the house, these are creating a body of tradition, even in this country, that has great value.

The Speaker of our house first of all has to preside over our deliberations. He must protect the person of the members from insult. He must maintain decorum. I believe some centuries ago there was an hon. member addressing the house who was not being heard because of the noise, and the Speaker indicated that while he could call upon the hon. member to speak he was not in a position to ensure that he would be heard. But that statement of the Speaker was called in question and was regarded as being entirely unsound. Every member of the house has a right to the maintenance of order. Nor is it his duty nor the duty of the members of this house to call upon the chair to maintain order; it is the duty of the chair to maintain order and decorum in this chamber. It will be within the memory of many, perhaps, that only a few years ago in the House of Commons when there was considerable noise being made by the opposition—which is not unusual—the Speaker turned to the leader of the opposition and asked him if that tumult had his approval or assent, whereupon the leader of the opposition said, "Far be it from me, sir, to indicate to you what your duty is, but I know mine too well to answer that question."

Therefore it is quite clear that it is the duty of the Speaker to maintain order and decorum in this chamber; that is provided for by the rules of the house. In addition to that he must put every question to the house that has to be considered by its members; any motion or resolution must be read by him. But he has a second duty which perhaps far transcends that which I have just mentioned. His second duty is to see that the conduct of debate is maintained in accordance with the rules and practices of this house. That is a difficult task. I think it was Mr. Gladstone who said, when Mr. Speaker Peel was leaving the chair, that no man in two centuries had had the difficult conditions to meet that had the then retiring Speaker. In this house the duties and the difficulties of maintaining the rules of order for the conduct of debate have become greater as the years have gone by. I do not know why. I am going to suggest one reason presently. But in the maintenance of the respect and regard for the rules of debate there are two considerations that a Speaker must always have before him. One is that he must have a knowledge of the written rules, that is the standing orders and rules

of the House of Commons, which are embodied in the little volume which I hold in my hand. That, as we lawyers might say, is the lex scripta, the written law governing the House of Commons in the conduct of debate. But there is a great body of law which is not written. There is a great body of precedent which has to do with the conduct of debate. There is that accumulation which has come down, as Sir Wilfrid Laurier said, during all the ages, to which we must pay regard and respect.

Thus it is that the Speaker is the guardian of the powers, the dignities, the liberties and the privileges of this House of Commons. It will be recalled that in the time of King Charles I, when the king went down to arrest five members or have them arrested, the Speaker of that day said:

> I have neither eyes to see, nor tongue to speak, in this place but as this house is pleased to direct me, whose servant I am here.

And the position of Speaker therefore becomes that of a servant or organ of the House of Commons. That I think is quite clear. I shall illustrate my point with respect to the question of the rules that are written and the unwritten rules that govern. For instance there is embodied in our standing orders a rule as to the length of time that may be employed in speaking to the house. I have no doubt some members are looking at the clock now. The time is limited, as is known, to forty minutes. That was because this House of Commons so desired, and no one else. The House of Commons makes its own rules and determines how long members may speak, and they have now embodied it in a written rule which was adopted by this house.

There is a rule also with respect to reading speeches. Sir Austen Chamberlain in his recent book, Down the Years, reviewing his life, refers to the fact that conditions in the British House of Commons have become steadily worse; he blames the two front benches largely for this, and refers to the fact that essays have taken the place of speeches, and that essays have been read in the house. I recall, although I am subject to correction as to my memory being accurate, that a Speaker pointed out that a Mr. Jeffrey was reading his speech. At the end of his speech the Speaker of the day spoke to Mr. Canning and Mr. Fox as to whether or not he should direct attention to it, and they said they thought he very properly should, and he did. Later when Mr. Jeffrey was closing the debate

he undertook to read, and the Speaker called him to order because it was against the rules of the house.

In this house during the last few years I can recall very vividly the then leader of the opposition calling upon the Speaker to enforce order against a member who was dealing with a technical matter and was reading what he had to say, involving medical terms, and he replied, "I have to resort to my notes." Notes may be resorted to, which is an altogether different thing from reading a speech. If the rule is to be enforced, it should be enforced against all members of the house by the Speaker, and not by the members calling upon the Speaker, because the rules of our parliament contemplate that he himself should take notice of that fact.

I mention these things because they are merely illustrations of what you might call the unwritten and the written rules, and that great body of unwritten precedents which has come down through the ages is of the utmost importance in the rulings of the Speaker of the chamber.

It has not been usual for Speakers to be opposed when they are nominated in the House of Commons by the Prime Minister. But in England as late as 1895 a great conflict took place between Mr. Gully and Sir Matthew White Ridley, and it will be recalled that at that time the discussion became rather acrimonious on the part of both Sir William Vernon Harcourt and the then Mr. A. J. Balfour. But as a rule Speakers are unanimously elected to office. However, it will be recalled that away back in the days of 1835 a gentleman whose name is well known in this country, who had served as Speaker for seven parliaments, was opposed by Mr. Abercrombie and defeated by a majority of I think eleven in a full house, the votes being 306 and 317—a very full house indeed. The reason was one to which I am presently to refer, and it has great force at this time in this country.

It has been said that the position of chief whip equips one well to discharge the duties of Speaker. There was a speech in the British House of Commons dealing with the question of the Speaker in which it was said that a man may have been so closely connected with politics, so closely identified with party fortunes, that it would be impossible for him after long service in that regard to be an efficient and effective Speaker. However, one of the most eminent of English Speakers was chief whip of his party, and another English Speaker was an assistant whip. Therefore in my judgment it is no bar, although there is high authority for saying that never should the Speakership be looked upon as a reward for services, for technically the speakership is in the gift not of the government but of the house, and the house should not be concerned about rewards for party services, but only with fitness to discharge the high duties and responsibilities of the great office in question.

That being so, I regret to have to say that I am opposed to the election of Mr. Casgrain as speaker of this house. Before I proceed to state my reasons at length I am going to read what the gentleman whom Sir Austen Chamberlain describes as in his judgment the greatest Speaker England ever had, namely the late Lord Peel, conceived to be the qualifications of a great Speaker, when he was elected. Mr. Gladstone was then Prime Minister. Mr. Speaker Peel used these words:

> And I hope, sir, I will make no professions when professions may be so soon tested by experience; but I wish to say this to hon. gentlemen, that I know full well what is the greatest attribute and ornament of that chair. I know how necessary it is for any man, who aspires to fill that great office, to lay aside all that is personal, all that is of party, all that savours of political predilection, and to subordinate everything to the great interests of the house at large. Humbly, sir, trusting in that support, I shall endeavour to maintain and to sustain intact the privileges of this house; to maintain the rules and orders of the house; to maintain not only the written law, but, if I may say so, that unwritten law which should appeal to, as it always does appeal to, the minds and consciences of the gentlemen of the House of Commons. If I have that support, I trust that I may be permitted, not only to carry out the formal rules, but to enforce that unwritten law, and, sir, to promote and to hand down unimpaired, as they have been handed down by those who preceded the late speaker, to those who shall succeed me, the traditions of this house, and, over and above all, its most cherished and inestimable tradition—I mean, sir, that personal courtesy, that interchange of chivalry between member and member, which I believe to be compatible with the most effective party debates and feeling, and which I am sure is one of the oldest, and, I humbly trust, may always be, the most cherished tradition of this great representative assembly. Sir, with these few words—and I trust the house will not think I have unduly trespassed upon its time—I sit down, humbly submitting myself to, and placing myself in the hands and at the disposal of, this house.

That was the speech he made in accepting nomination, and before the house had expressed its will. When he left the chair eleven years later he made a speech to which I have not time this morning to refer, but which I commend to the reading of every hon. member in this chamber.

Bearing in mind what has been said, it is, of course, well known to most of us that for some

time in the public press the statement has appeared that Mr. Casgrain was to be elected Speaker of this house. That was known. It has been the custom that that should, in a general sense be known, and I do not think that the first minister or any person connected with the government made any statement to that effect. Rather it was accepted as indicating what was to happen, because the first minister would not undertake to pledge the judgment of this House of Commons, which is the judgment of the whole house, with respect to something which is not a party matter but is one for the house itself to consider.

Under these circumstances I find it necessary to direct attention to the fact that there is a statute dealing with the position of Speaker in this chamber. It is not as though this were a matter not covered by law. It is not as though it were a matter in which the high privilege of parliament must be left to chance, to the imagination or to vain reachings after. They are known; they are provided for. And in every case where thanks have been given to a retiring Speaker of the British House of Commons they have always been thanks for maintaining the privileges of the house. It is my unfortunate duty to ask leave to refer to what was said by the late Sir Wilfrid Laurier when in 1888 he had to deal with a somewhat similar situation. It is an unpleasant duty, but one which I must discharge in fairness to myself and fairness to those with whom I am associated. Those hon. members associated with me, although a small minority, have a right in this chamber to look for that measure of justice and that measure of impartiality which successive generations have declared to be the supreme test of fitness for any man to hold the high office of Speaker.

I find that in 1868 the parliament of Canada thought it necessary at once to deal with a situation which would arise in connection with employees of the House of Commons. The House of Commons is not, shall I say, a mere appendage of the government. Hon. members will realize that it is something more than a mere assembly. We are members of the highest court in the land, the high court of parliament, and it is our obligation to maintain intact the privileges of this court and to guard them from encroachment or attack, from whatever sources they may come.

I find that in chapter 27 of the statutes of 1868 a provision was passed respecting the internal economy of the House of Commons, and for other purposes. It provides for estimates, it provides for duties of the sergeant-at-arms, it provides for duties of the clerk, under certain circumstances, and indicates how moneys are to be dealt with. Then it proceeds to deal with the conduct of the administration of the House of Commons itself. In that connection section 9 is as follows:

> If any complaint or representation shall at any time be made to the speaker for the time being, of the misconduct or unfitness of any clerk, officer, messenger or other person attendant on the House of Commons, now or hereafter to be appointed, it shall be lawful for the said speaker to cause an inquiry to be made into the conduct or fitness of such person; and if thereupon it shall appear to the speaker that such person has been guilty of misconduct or is unfit to hold his situation, the speaker may, if such clerk, officer, messenger or other person has been appointed by the crown, suspend him and report such suspension to the governor, and if he has not been appointed by the crown then the speaker may suspend or remove such person, as the case may be, and such person shall be so suspended or removed, as the case may be, accordingly.

That you will find in the revised statutes of Canada, chapter 145, a later statute, the terms of which provide for the appointment of a commission of internal economy, to consist of four members of the King's Privy Council who are members of the House of Commons, and the Speaker. They constitute the commission of internal economy for which provision is made in sections 15 and 16 of Chapter 145, which deal with the House of Commons. The commission of internal economy has to deal with problems of administration in connection with the house. I shall content myself simply by pointing out that the sergeant-at-arms has certain obligations and that the Speaker has certain other obligations with respect to matters of expenditure and provision for payment to those who may be engaged for the purpose of conducting the business of the house.

Now, what do we find? We find this, that after the statement was made in the press that Mr. Casgrain was to be made Speaker of the House of Commons, on January 28, 1936 there was sent by the sergeant-at-arms to upwards of 120 employees of this House of Commons a notice reading as follows:

> I am instructed to inform you that it will be impossible to continue your employment on the staff of the House of Commons after January 31st next.
>
> Yours faithfully,

This document is signed by M. F. Gregg, sergeant-at-arms, and the name of the person to whom the notice was sent is written in. Those instructions came from Mr. Casgrain. He had the same right to give them as the youngest or most humble member of this house. He undertook to dismiss from the public service by his order permanent officials of this house—I say permanent officials,

because the temporary staff had not been employed. In this connection I shall read the case which came before this house in 1888 when Sir John A. Macdonald was prime minister, and Sir Wilfrid Laurier moved an amendment against the Speaker's action, where it was pointed out that first of all it is provided, not by custom but by the lex scripta, by the written law of parliament, that no man can be taken from his position in this house unless a complaint has been made against him or before he has had an opportunity to be heard in his defence.

I pass by one employee of this chamber who had served under four sovereigns. He received that notice, and I have spoken to others who received it. Many of them were appointed by the right hon. Prime Minister—not by him personally, but by his administration. Sir, I ask the House of Commons this question: Can it be said that one who is capable of sending such a notice into the homes of men and women of this country indicating that they would not be employed after the 31st day of January can be looked upon with confidence by hon. members seated on this side of the house?

Some hon. MEMBERS: No, no.

Mr. BENNETT: That is the question. This is a painful matter for me, because I have to go on and refer—

Some hon. MEMBERS: No, no.

Mr. BENNETT: Yes. I will read what Mr. Laurier, as he then was, said under similar circumstances. I want to do more: I want to be fair to the Prime Minister and to his government. I believe that as soon as the Prime Minister heard that this had taken place he took immediate steps to stop it. I believe that a committee of this government took steps, because returned men with families were stunned over a week end by a notice of this kind. I am told many of those men are now living from day to day in a state of uncertainty. Many who had served nine or ten years, some longer than that, and who received this notice, thus found their households disturbed, their lives made unhappy, and their whole existence threatened.

I wish to acquit the Prime Minister of any part or parcel in this matter. In the bitterness of party strife, governments have to do many things. The pressure of their followers, the pressure of constituencies—all these things are known to all of us. But I will say this: I do not believe this was done with the Prime Minister's knowledge, and I was proud to think that the Prime Minister of this country, as soon as it was brought to his attention, took immediate steps in the matter. He did not pause; he acted at once and notices cancelling the earlier ones were immediately sent out. I congratulate him and I thank him, if he will permit me to do so, for having seen that such action was taken. It was creditable to him; it was creditable to this House of Commons that this should have been done because there is a statute governing such matters, and it was in defiance of that statute that action was taken by one who had not been elected to any office but who might very properly hope to be; but who, not content, as he might have been, with providing for the administration of the House of Commons by employing temporary help—and every session sees temporary help engaged, and everybody knows that temporary help is as largely as possible secured from among those who are friendly to the administration; I am not going to be hypocrite enough for a single moment to say otherwise—took action such as I have indicated. What, I ask, would be thought in England if any man would rise in his place and propose as Speaker one who had violated the provisions of a statute that he must have known of, one who is a king's counsel, a member of the legal profession, anxious to know what his position was, and one who must have known what was involved in taking the action that he did.

That raises another question. The Clerk of this House of Commons has made a statement to the press. I know not how accurately he was reported. I shall content myself by saying that according to the report he said that he was dealing with appointments on the political side, and that there had been a great misunderstanding in respect of these matters. I do not know how far this report in the paper correctly represents what the clerk of the house said, and I shall therefore refrain from saying anything more than that if he did say what he is reported to have said, there should be an instant inquiry.

Now I go further. It is quite clear, sir, to every thoughtful man that what has taken place with respect to the administration of this House of Commons must come before the committee on privileges. How can it be otherwise? The privileges of this house have been invaded. A statute has been overridden. Action has been taken that is in violation of all the dignity and privilege of this House of Commons—a violation not of the unwritten law, but of the lex scripta, the written law of the country. There must be an inquiry. And what position are we to be in if we have our own Speaker putting the motion, as he will be compelled to do, and as has been done in Eng-

land, of course, for this matter to be inquired into by the committee on privileges and elections?

I wish to refer again to the case that engaged the attention of the house in the days of Sir John Macdonald after the election of 1887. The Hon. J. A. Chapleau, then Secretary of State, wrote a letter to the Speaker of the house in which he pointed out that three translators of the house had spoken very ill of him, and of other members as well. His complaint was corroborated by the Hon. W. B. Ives, a supporter of the government. These complaints were put in writing. They specified the language used by the translators, who had spoken of members of the house as having been guilty of hanging Riel at the instance of the Orange lodges, with many other sentiments of that kind which I shall not take the time of the house to read. But those sentiments were expressed by these translators; a letter of complaint was written to the Speaker, and the Speaker sent the papers down to the committee on debates. The committee on debates gave the matter much consideration and finally came to the conclusion that it should be sent to the committee on privileges; whereupon the Speaker called together the internal economy commissioners, Sir John A. Macdonald himself being one of them, and they met together. The translators gave their version of the matter and said: "We have a right to do what we please when we are not working on our translation because we are appointed not by the government but by the house, and it was understood that we could do as we pleased when our work as translators for the house had been completed." But in the opinion of all who spoke that was hardly a sound rule, and at any rate section 55 of our Civil Service Act covers the situation.

Then on February 28, 1888, Mr. Wilfrid Laurier, at the very opening of the house, said:

> Before the orders of the day are called, I beg to rise to a question of privilege. I am informed that you, Mr. Speaker, in the exercise of the power which you have assumed as Speaker of this house, have dismissed three of the translators of the debates from the positions which they had received at the hands of the house. I may say at once, Mr. Speaker, with all due respect to your decision, and in my humble judgment, that I have not the least doubt that you have exceeded your authority and invaded the privilege of this house.

The matter again came to the attention of the house on the first day of March. Mr. Speaker having laid before the house certain letters and other papers relating to the dismissal of these translators, it became necessary to consider the matter further, and Mr. Laurier said that he would take this matter up just as soon as the opportunity presented itself. Later, on the eleventh day of April, the matter was considered carefully and Mr. Laurier used words which I should like to read to the house:

> Mr. Laurier: I now rise to bring up the question of privilege of which I gave notice a few days ago, in reference to the dismissal by you, Mr. Speaker, of some of the officers of the house. The last time it was brought up by me, it was understood that it would be taken up again after the close of the debate on reciprocity, and I think no more fitting opportunity will offer than this. I desire to bring this question before the house in order to test the action by which you have discharged what you considered to be your duty as Speaker of this house, in dismissing and depriving the house of the services of three of the officers whom the house had appointed for its convenience and service. I must say, Mr. Speaker, that I regret exceedingly that I feel myself obliged, in the discharge of what I conceive to be my duty, as a member of this house, to bring this matter up. Certainly, I think it is the duty of everyone in this house to endeavour to support the Chair in any decision given by the Chair; but if one finds himself obliged conscientiously to differ from the view which the Chair may have taken, it is only right that an opportunity should at once be given to test the question, to see whether the Speaker, under the circumstances, properly or improperly exercised his duty. In this instance, I must say at once that, in my humble judgment, at least, it seems to me that you have taken an erroneous view of the duty with which you were charged in your position as Speaker. I regret it all the more, because it seems to me that the step which you felt it your duty to take was one of extreme hardship to the officers who were dismissed. The officers who were dismissed from the service of the house were Ernest Tremblay, Rémi Tremblay, and A. E. Poirier. All three were translators of the debates of this house.

Then he went on to discuss the matter at length, and among others who participated in that debate was one who afterwards became a justice of the supreme court, Mr. Mills; another who afterwards became chief justice of the supreme court, the late Sir Louis Davies; and one who still survives, the chief justice of Ontario.

Sir John A. Macdonald took the view that under the provisions of the statute these men were properly dismissed because they had had an opportunity to be heard, and that the Speaker was within his rights in taking the action he did. He moved an amendment to the motion of Mr. Laurier condemning the action of the Speaker. The amendment was agreed to by a vote of 113 to 61, and there the matter ended.

There is a precedent that has been established by the high court of parliament. In the course of the debate Mr. Mills spoke of the hardships which the wives and children

of these men suffered and of the protection which these men had a right to expect and which they did not receive, but I am not going to take up the time of the house in dealing further with that case.

Let me point out that this is not the first time the privileges of the house have been invaded. There was another occasion when it became necessary for Sir Wilfrid Laurier to support the privileges of parliament. I wonder if there are any in this house who have forgotten what took place in 1906. I wonder if those who were here then recall the circumstances in which Mr. Foster, facing a powerful administration largely supported in the house, complained of the language which was used against him and other members of parliament in a certain article that appeared in La Presse. When Mr. Foster moved that Mr. Cinq-Mars be brought to the bar of the house, many jokes were passed and there was much laughter. One hon. member said, "This farce must end." The Minister of Justice, Sir Allen Aylesworth, asked why he did not go to the courts, what he was doing there. He treated it in that very cavalier fashion. Finally when it came up at a later date, a member supporting the government moved a motion, which was seconded, that the next order of business be taken up, saying that the time of the house should not be wasted with this matter. What happened? Sir Wilfrid Laurier rose in his place—I commend to the younger members of this house the reading of his speech—and pointed out that the privileges of parliament must not be dealt with so lightly. Although his Minister of Justice had taken the view he had, although his supporters had moved and seconded the motion to which I refer, he himself moved an amendment declaring that Mr. Cinq-Mars must be censured; that he was open to reasonable and fair criticism. Sir Wilfrid Laurier was followed by Sir Robert Borden, whose speech I also commend to the younger members of this house.

The privileges of this house are in our keeping. Can we condone the action of Mr. Casgrain? I am asked to condone that action. I am asked to support his election as Speaker of the House of Commons. How can I do it in view of what I have read? How can I do it when he has defied the statutes of Canada? How can I do it when he has forgotten these privileges, forgotten our rights? How can I do it when he has trespassed upon our rights and wiped them out in the way in which he has? Can I do it?

I have no amendment to offer in the form of suggesting anyone as Speaker. One who in this house represents a minority to the extent to which I do could not do so, and should not do so. But I do say to the right hon. Prime Minister that I propose to vote against this motion. Out of that great body of support that he has of men of French descent, highly qualified and trained to fill this position, I ask that he select one who has the confidence of this house as a whole, one who has not transgressed these rules, one who has not violated these privileges, one who has not defied them by undertaking to do that which would be not only a usurpation on his part but a clear violation of the law. Here we find the sergeant-at-arms instructed by him to bring hardship and suffering into the homes of men who should not thus be touched, because the statute provides how they can be dealt with—by complaint. Can I and hon. members of this house be asked to support and condone that conduct? That is the question.

I regret, sir, that I am compelled to take this position, but I would be recreant to every trust that is imposed upon every hon. member of this house by a long series of acts and precedents if I did not direct attention to these circumstances. I am acquitting the government and the Prime Minister in particular of any connection with it. The small committee that was appointed to look into the matter took immediate action when the matter was brought to their attention. Acquitting them as I do of all fault, I suggest that the Prime Minister nominate one whom we can support with confidence and who we know will be impartial and will administer fairly the duties of his great office.

Sir, how can we contemplate the future in view of what has transpired? How can we contemplate Mr. Casgrain being Speaker of this house and dealing impartially with us? How is it possible to do it? I know the Prime Minister could not possibly change his mind with respect to Mr. Casgrain. For ten long years he has been his close associate, he has been his chief whip. Having given a promise to propose him to this House of Commons, my right hon. friend was bound to do so. For once in my life I have great sympathy with one who occupies the position which the Prime Minister does at this moment. In view of the circumstances to which I have alluded, I think Mr. Casgrain would have done the proper thing had he said to the Prime Minister: "In view of what has transpired, I feel that my name should not be placed in nomination." I think that would have been the sense of this house if the matter had been left quietly to hon. members. Notwithstanding

what has been said to the effect that the choice is in the hands of the house, the fact remains that when the Prime Minister stands to vote, the house will take the view that they will condone this conduct and support the election of Mr. Casgrain to the chair. Although the votes against it may be few, nevertheless I think that if you had the late Sir Wilfrid Laurier here, if you had any of the great champions of the privileges and traditions of parliament here, you would not have this situation. We cannot stultify ourselves; we cannot condone conduct such as this, and make a precedent that will ring down through the years. No matter how difficult it may be, no matter how unfortunate and how unhappy it may be, we have to take this position. Sir, we cannot support the motion that has been made.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Beauchesne, I am sorry I have to crave the indulgence of the house for the purpose of saying two or three words in answer to the right hon. gentleman who has just taken his seat (Mr. Bennett). It is not customary to hold a debate on an occasion such as this. In fact, it is not appropriate that there should be a debate, but I feel that part of what the right hon. gentleman has said must not be left unanswered. With the first part of his remarks I am heartily in agreement. Indeed I was pleasantly surprised to hear my right hon. friend say that this House of Commons was not an appendage of any government. When we on this side were occupying the seats now occupied by the friends of the right hon. gentleman we tried to teach that, and I am glad that he has carried his lesson over with him to the other side.

It is my privilege to have been in this House of Commons for thirty-two years. Today I begin the first session of my tenth parliament. I have had some experience in what has transpired every time there has been a change of administration, and on almost every occasion complaints have been made. These complaints have not always been made on the floor of the house because some leaders of the opposition thought it better not to do so. However, complaints have been made on almost every occasion. I remember the old parliament building where the Speaker had an apartment in which he lived with his family, and I can remember an hon. member who was to be nominated as speaker coming and installing himself and his family in the apartment in the House of Commons before he was elected. We criticized this at the time, but our leader did not think it would be a good thing to raise the matter in parliament.

[Mr. Bennett.]

I think, sir, that confusion always arises owing to the fact that there is not a Speaker to look after the work that must be organized for a session. Many of the employees are purely sessional; they are temporary and have to be summoned to come to work for the ensuing session.

Mr. BENNETT: I made no comment upon that.

Mr. LAPOINTE (Quebec East): They are not permanent employees, and somebody has to look after that part of the work. In theory, my right hon. friend is right; the Speaker to be elected has no authority until he is elected. But in practice it has always been done in this way, to my own knowledge.

Mr. BENNETT: Permanent employees?

Mr. LAPOINTE (Quebec East): I mean sessional employees.

Mr. BENNETT: That is another thing.

Mr. LAPOINTE (Quebec East): I mean the organization of the work of the session by a staff—

Mr. BENNETT: I admitted that.

Mr. LAPOINTE (Quebec East): —to be appointed.

Mr. BENNETT: I admitted that.

Mr. LAPOINTE (Quebec East): Of course, the Speaker to be elected is not yet appointed. But, as my right hon. friend has said, the press usually mentions his name, and when that name is the name of a man who is so well qualified as my hon. friend from Charlevoix-Saguenay (Mr. Casgrain), it is no wonder that members of parliament and other persons who have someone to recommend send in these names to the gentleman to be elected. Well, would it surprise you, Mr. Beauchesne, would it surprise the members of the house if I said that my right hon. friend himself wired the member for Charlevoix-Saguenay, recommending somebody to be appointed?

Mr. BENNETT: I had a note upon my papers to make a statement with regard to a former employee of the leader of the opposition, later employed by the Speaker of the house. I sent a telegram to Mr. Casgrain. She was to be a temporary employee, of course, on the sessional staff. I have said, and I repeat, I concede the right of Mr. Casgrain to organize the sessional staff. What I was dealing with—and I made that clear—was his dismissal of 127 persons not sessional employees.

Mr. LAPOINTE (Quebec East): I do not blame my right hon. friend for having sent that wire; and surely the member for Charlevoix-Saguenay paid him only a very ordinary courtesy in putting on a list the name of the lady recommended by my right hon. friend. And though Mr. Casgrain was not Speaker at the time, it was appropriate that he should do so, in the case of that person, as with respect to all those who were recommended by other members of the house. I think it is but a tempest in a teapot.

As regards employees, sessional or otherwise, who may have received or may receive notice that their services will not be required in the future, may I say that personally I do not favour dismissals, and it is always a difficult thing to do. But in some instances—and it has happened to my own knowledge in my department and in my own city of Quebec—where men were dismissed three or four years ago merely on political grounds, and have been waiting for four years to get common justice and to be reinstated in their positions, I say that I will recommend such men. It is also to my knowledge, Mr. Beauchesne, that most frequently the people who are louder than others in the bitterness of their complaints are men who were instrumental two or three years ago in having some people dismissed so that they might get their jobs.

I believe that when the hon. member for Charlevoix-Saguenay is regularly appointed Speaker of the House of Commons, as he will be in a few minutes, he will certainly exercise all the impartiality, the discretion and the tact which is necessary for the fulfilment of the duties of his office in the supervision of the staff of the house as well as in the observance of the rules.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Beauchesne, much as I regret having to do so, I feel that in this matter I must associate myself with the protest of the leader of the opposition (Mr. Bennett). I do so in the full recognition of the fact that the little group I have associated with me, not having occupied office, cannot be charged with anything like a similar offence in the past.

I rather regret that the Minister of Justice (Mr. Lapointe) with his great legal acumen, should have tried to make light of the charges which have been brought forward by the leader of the opposition, and has entirely evaded the issue. The matter is not one of temporary employees; the matter is one of permanent employees. Further than that, the minister would try to make out that the dismissal was for cause. I ask, why wholesale notices of dismissal? Moreover, if there was real cause for dismissal, why were these notices countermanded? That is an important question.

The Prime Minister (Mr. Mackenzie King) emphasized the fact, at the beginning of his speech, that the choice of Speaker was the choice of the House of Commons. I think perhaps the position taken by the Minister of Justice, in view of that statement, was hardly a worthy one, that the choice of the government was to be pushed through at whatever cost and under any circumstances at all. The fact that the Prime Minister suggests that the choice is the choice of the commons implies that we are under a certain obligation and should have some voice at this time as to whether or not we consider the nominee suitable. If we pass this matter over in silence, then undoubtedly we shall be regarded by the general public as condoning something which has shocked the people of Canada.

There is no doubt whatever that Mr. Casgrain has many of the qualities which would admirably fit him for the position of Speaker. He knows the rules, that is quite true, or he should after all these years. He undoubtedly is a bilinguist and, I agree, that is an immense asset for the office he is to fill. I am not quite so sure, however, that the fact that he is a lawyer is an outstanding qualification. Some of us who are not lawyers sometimes wish that we had in the chair someone who does not belong to that profession. However, we admit many of his qualifications.

The Prime Minister went on to say that the occupant of the office must have fairness and impartiality, that he must be a protector of the rights of individual members. Further than that, he must leave partisanship behind him. Judged by the very criteria laid down by the Prime Minister I am not at all sure that the nominee possesses these qualifications. In this matter at least he has not shown fairness and impartiality; he has not been the protector of certain rights of some members of the staff of this house, and certainly he has not given any indication that he is leaving behind him a partisan spirit. I recognize that it may be extremely difficult for a man to resign the post of chief whip of a party and at one jump accept the more or less judicial position of Speaker of this house. But in any case I think we should have a statement from the Prime Minister dealing with the actual occurrences of the last week or two, and further we should have the assurance of the Prime Minister himself that no such action as this will be tolerated in the future.

Mr. MACKENZIE KING: Mr. Beauchesne, I should like to say just a word to hon. members before the debate is concluded, first of all to remind them that the house is not yet constituted. In the course of his remarks my right hon. friend (Mr. Bennett) dealt at considerable length with what had taken place in parliament under previous administrations. He referred to discussions that had arisen as to the manner in which the Speaker had performed his duties and mentioned investigations or criticisms that had been made of the way in which the commissioners of internal economy had conducted affairs. All that my right hon. friend said, however, had reference to what had happened after parliament itself had assembled and the House of Commons had been constituted. What I should like to make perfectly clear to hon. members at this stage, is that we are assembled here simply as recently elected members of parliament, and that until a Speaker is chosen the house will not be duly constituted or in a position to conduct proceedings of any kind. Even if I wished to do so, I could not now act in the manner my right hon. friend has suggested I should act, namely give assurances on behalf of the government as to what action will be taken in the House of Commons later on, when it is properly organized.

As all hon. members well know, the practice has been for the Speaker of the House of Commons to continue in office for certain purposes until a new Speaker is chosen.

Mr. BENNETT: It is provided by statute.

Mr. MACKENZIE KING: Yes, it is provided by statute. As my right hon. friend well knows, the Speaker who was in office when he was Prime Minister has not been returned as a member of the House of Commons and, so far as I know, has not been in Ottawa since the general election. Had the Speaker been here, it is quite possible that the privileges of the house, which my right hon. friend says have been so much violated, might have been protected to a greater degree than he says they were. I just point out that fact as a circumstance which hon. members might wish to take into account.

I take no exception whatever to the right hon. leader of the opposition and to my hon. friend from Winnipeg North Centre (Mr. Woodsworth) drawing attention, as they have, to something that occurred before parliament itself met. I would, however, ask hon. members at this time, before voting on the election of the Speaker, not to judge the hon. member whom I have nominated by anything that may have taken place before parliament was in session at all and before he became Speaker, but rather to withhold judgment until he is actually in the chair. May I add that if I had not the utmost confidence in what I believe will be the impartiality and fair play of the gentleman whom I have nominated, I would not for one moment think of urging the house to take action immediately. I have, however, no hesitancy in saying that I believe that, once in the chair, Mr. Casgrain will be a worthy successor to those hon. members who have filled the high office of Speaker with great dignity and impartiality.

Mr. BENNETT: Debate is quite permissible on this matter. In 1852 the debate lasted a very long time, and many members spoke; the same thing occurred in 1895. In view of the observations that have been made by the right hon. Prime Minister I am content that this motion should be carried on division. I thank the right hon. gentleman for the assurance he has given, that notwithstanding the fact that the house is not organized he feels certain that minorities may look for reasonable protection and impartial administration of the rules, written and unwritten, that govern the conduct and decorum of this chamber. That, however, has nothing to do with the breach of the privileges of the house which certainly must be considered by a committee in due course and which I will see is brought to the attention of the house. When the question is put I am content that it should be carried on division, in view of the statement which the right hon. gentleman has, if I may say so, quite properly made to this chamber.

The Clerk of the House declared the motion carried in the affirmative, on division, and Hon. Pierre-François Casgrain, member for the electoral district of Charlevoix-Saguenay, duly elected to the chair of the house.

Hon. Mr. Casgrain was conducted from his seat in the house to the Speaker's chair by Right Hon. W. L. Mackenzie King and Hon. Ernest Lapointe.

Mr. SPEAKER-ELECT said: Ladies and gentlemen of the House of Commons, it is with a real sense of gratitude that I accept, in all humility, the bestowal of this high honour. Yet, gratitude is here tinged with anxiety. So many distinguished gentlemen have graced this chair that I would falter before the prospect of succeeding them were I not, while truly conscious of my own unworthiness, given assurance by my knowledge of the genuinely fair and considerate attitude of my honourable colleagues in this house.

Strengthened, therefore, by your enlightened advice and counsel; guided by the wise decisions of my eminent predecessors I dare hope to preside over the proceedings of this august assembly with impartiality and justice, to uphold British parliamentary traditions, to be, in truth, your worthy spokesman.

Long years of service in parliament have enriched my life with many precious and lasting friendships. I fully trust the future will bring the same pleasant experience with those welcome ones who, to-day for the first time, have crossed the threshold of this chamber.

I thank you most sincerely for this abiding testimonial of esteem and confidence, for the great honour you do me. It will be my unremitting endeavour to prove myself deserving of your trust. Ever mindful of your gracious cooperation, I shall strive always to discharge the duties of the speakership in a manner properly befitting the revered traditions of this exalted office.

Mesdames et messieurs de la Chambre des communes, c'est avec une profonde reconnaissance que j'accepte le haut poste que vous daignez me confier, mais ce n'est pas sans crainte. Tant d'hommes distingués ont occupé ce fauteuil avant moi que j'hésiterais à leur succéder si, conscient de mon peu de mérite, je ne savais que je puis compter sur votre générosité, sur votre droiture, sur votre sympathie. Eclairé de vos avis, aidé de vos sages conseils et guidé par les décisions de mes prédécesseurs, j'ose espérer que je réussirai à diriger avec impartialité et justice les délibérations de cette Chambre, à maintenir les traditions parlementaires britanniques, à vous représenter dignement.

Les nombreuses années que j'ai passées dans cette enceinte m'ont valu de précieuses, de solides amitiés et j'entends bien former avec les nouveaux élus des relations tout aussi amicales.

Je vous remercie bien sincèrement de l'honneur que vous me faites et de la grande marque d'estime et de confiance dont vous me donnez le témoignage. Je tâcherai de m'en rendre digne en remplissant, selon la tradition et avec le haut sentiment de ma responsabilité, les devoirs de ma charge.

Mr. MACKENZIE KING: I move, seconded by Mr. Lapointe (Quebec-East), that the house do now adjourn.

Some hon. MEMBERS: To what time?

Mr. MACKENZIE KING: The hour is fixed by the rules. It is three o'clock.

Motion agreed to and the house adjourned at 1.50 p.m.

The house met at three o'clock.

OPENING OF THE SESSION

Mr. Speaker read a communication from the Governor General's secretary announcing that His Excellency would proceed to the Senate chamber at 3 p.m. on this day for the purpose of formally opening the session of the Dominion parliament.

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, 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 chamber. Then the Hon. Pierre-François Casgrain, Speaker-elect, said:

May it please Your Excellency,

The House of Commons have elected me as their Speaker, though I am but little able to fulfil the important duties thus assigned to me. If in the performance of those duties I should at any time fall into error, I pray that the fault may be imputed to me, and not to the Commons whose servant I am.

The Honourable the Speaker of the Senate, addressing the Honourable the Speaker of the House, then said:

Mr. Speaker, I am commanded by His Excellency the Governor General to assure you that your words and actions will constantly receive from him the most favourable construction.

Then His Excellency the Governor General was pleased to open parliament by a speech from the throne.

And the house being returned to the Commons chamber:

Mr. SPEAKER: I have the honour to state that the house having attended on His Excellency the Governor General in the Senate chamber, I informed His Excellency that the choice of Speaker, had fallen upon me, and, in your names, and on your behalf, I made the usual claim for your privileges, which His Excellency was pleased to confirm to you.

OATHS OF OFFICE

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved for leave to introduce Bill No. 1, respecting the administration of oaths of office.

Motion agreed to and bill read the first time.

GOVERNOR GENERAL'S SPEECH

Mr. SPEAKER: I have the honour to inform the house that when the house did attend His Excellency the Governor General this day in the Senate chamber, His Excellency was pleased to make a speech to both houses of parliament. To prevent mistakes, I have obtained a copy, which is as follows:

Honourable Members of the Senate:

Members of the House of Commons:

I meet you under the shadow of the loss which Canada, in common with all parts of the empire, has sustained in the death of our late beloved Sovereign, King George V. The sorrow so universally expressed is but one of the many evidences of the great regard in which his late Majesty was held by all men and nations. In no part of the King's dominions has the sense of national and personal loss been more deeply felt than in Canada. King George's patience and wisdom, his example of courage and devotion to duty, throughout a reign of unparalleled anxieties, will be held in all our memories as a great heritage.

I join with you in extending profound sympathy in their bereavement to King Edward VIII, Her Majesty Queen Mary, and all the members of the Royal Family. Toward the new King there already exists, on the part of the people of Canada, a feeling of personal attachment and affection, occasioned by His Majesty's visits to this country, and the many friendships and wide acquaintances formed during the years he was known to us all as the Prince of Wales. To these sentiments will now be added in increasing measure those of loyalty and devotion.

I am profoundly sensible of the great honour of having been chosen as the king's representative in Canada. I am pleased that my meeting with the members of both houses should be at the beginning of the first session of the eighteenth parliament. It is with the greatest pleasure that I look forward to the associations of the next few years.

The seriousness of the international situation has contributed to the world's anxieties. My ministers are confident that they express the conviction of the people of Canada in adhering to the aims and ideals of the League of Nations, and in seeking, in unison with members of the league as well as with other nations, to support by all appropriate and practical means the maintenance of peace, and the establishment of a world order based on justice and equity.

Unemployment continues to be Canada's most urgent national problem. While there is an increase in the number of persons employed, the number of those on relief shows no abatement.

As a means of dealing with present emergency conditions, you will be asked, with the approval of the governments of all the provinces of Canada, to make provision for the establishment of a representative national commission, which will co-operate with the provinces and municipalities in an endeavour to provide work for the unemployed, and the supervision of unemployment relief. The commission, which will be assisted by a representative advisory committee, will aim at effecting nation-wide co-operative effort toward increasing opportunities of gainful employment.

Transfer of the camps established for the care of single homeless men from the Department of National Defence to the Department of Labour, is in process of being effected. Every effort will be made to close the camps altogether at as early a date as expanding employment opportunities permit.

A royal commission has been appointed to inquire into conditions in the textile industry, as the result of the closing down on January 18 of one of the textile plants in the city of Sherbrooke, thereby occasioning, in midwinter, and at a time of unemployment, great hardship to hundreds of employees and their families. My ministers are of the opinion that industries should recognize an obligation to cooperate in every manner possible in continuing and providing employment, and that labour and consumers have a right to have their voice heard, and influence felt, in the control of industrial policy. Where these ends cannot be effected through voluntary cooperation of all parties to industry, my ministers are of the opinion that there are the strongest of reasons for state intervention.

With a view of safeguarding the interests of consumers a full inquiry will be instituted into representations which continue to be made respecting monopolistic control of the importation and distribution of anthracite coal.

In order to determine the question of their validity, reference has been made to the Supreme Court of Canada of a number of measures enacted at the last session of parliament.

I am happy to be able to inform you that a trade agreement between Canada and the United States of America was concluded on Armistice Day, 1935, and that the trade dispute with Japan, which had seriously affected the trade of both countries, was adjusted before the end of the old year.

The Canada-United States trade agreement will be submitted for your approval. You will also be forthwith advised of the basis on which normal trade relations between Canada and Japan have been restored.

My ministers believe that the Canada-United States agreement will mark a great improvement in Canada's international economic relations; also, that the principles embodied in this agreement, extended and applied with vigour and determination, will contribute to the reversal of the trend toward extreme economic nationalism, which has been undermining standards of living, and embittering relations between countries all over the world.

You will be pleased to know that the policy of the Canadian Wheat Board in selling wheat at competitive prices is bringing satisfactory results.

A conference between the dominion government and the governments of the provinces of Canada was held at Ottawa during the month of December. Continuing committees have since carried on consideration of the more important subjects discussed.

Among matters arising out of the conference, which will be submitted for your consideration, will be a proposal for amending the British North America Act, 1867, in order to provide for certain financial arrangements between the dominion and the provinces. A committee of dominion and provincial representatives, appointed by the dominion-provincial confer-

ence, is engaged in the consideration of a method and procedure for effecting constitutional amendments.

It is proposed to restore to parliament its control over taxation and expenditure by ending all measures which have deprived members of the House of Commons of this control, and which have served to invest the executive with unwarranted arbitrary powers.

Every effort will be made to substitute stability for uncertainty in the administration of customs laws.

The control of credit, and the issue of currency, being public matters of direct concern to every citizen, it is intended, at the present session, to ask parliament to make such changes in the ownership and control of the Bank of Canada, as may be necessary to give to the government a predominant interest in the ownership as well as effective control of the bank.

You will be asked to consider amendments to existing legislation respecting the Canadian National Railways, which will serve to afford a greater measure of governmental authority and responsibility to parliament.

It is proposed to make the present position of radio broadcasting in Canada the subject of inquiry by a special committee of the House of Commons.

Steps have already been taken with respect to the reorganization and consolidation of government services, which it is believed will further their efficiency and effect much needed economies. These will be supplemented by legislative measures to which your attention will be invited.

A reduction from twenty-one to sixteen has been made in the number of ministers of the crown.

A bill to provide for the creation of parliamentary secretaryships will be submitted for your consideration.

Members of the House of Commons:

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

Honourable Members of the Senate:
Members of the House of Commons:

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

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

That the speech of His Excellency the Governor General to both houses of parliament be taken into consideration on Monday next, and that this order have precedence over all other business, except the introduction of bills, until disposed of.

Motion agreeed to.

STANDING COMMITTEES

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

That a special committee consisting of Messrs. Casselman, Elliott, Mackenzie (Vancouver), Power and Woodsworth, be appointed to prepare and report with all convenient speed, lists of members to compose the standing committees of this house, under standing order 63.

Motion agreed to.

INTERNAL ECONOMY COMMISSION

Right Hon. W. L. MACKENZIE KING (Prime Minister) presented the following message from His Excellency the Governor General:

The Governor General transmits to the House of Commons a certified copy of an approved minute of council appointing the Honourable T. A. Crerar, Minister of the Interior, the Honourable Charles A. Dunning, Minister of Finance, the Honourable W. D. Euler, Minister of Trade and Commerce and the Honourable Ernest Lapointe, Minister of Justice, to act with the Speaker of the House of Commons as commissioners for the purposes and under the provisions of chapter 145 of the revised statutes of Canada, 1927, intituled An Act Respecting the House of Commons.

LIBRARY OF PARLIAMENT

Mr. SPEAKER: I have the honour to present the report of the joint librarians of parliament.

ADJOURNMENT—BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I rise to move the adjournment of the house, but before doing so may I say to my right hon. friend opposite (Mr. Bennett) and to other members of the house that it is the intention of the government to reserve to-morrow for the consideration of the address to be presented to His Majesty King Edward VIII expressing our sympathy with His Majesty and also our loyalty and devotion, and a resolution of condolence to Her Majesty Queen Mary. This will be the only order of business for to-morrow. As hon. members know, the rules of the house require forty-eight hours' notice of any resolution, but the rules are there for the convenience of hon. members, and not to restrict them unduly. I am sure the consent of the house will be given to permit of notice of the resolutions being handed to the clerk this afternoon so that they may appear on what will be the order paper for to-morrow. It will be arranged that members have copies of the resolutions before the debate takes place. I would ask that consent be given that the rule of the house with respect to the time within which notice must be given, be in this instance suspended.

Mr. BENNETT: Perhaps the right hon. gentleman would make a motion to that effect.

Mr. MACKENZIE KING: My right hon. friend suggests that a formal motion might be made to that effect. I therefore move, seconded by Mr. Lapointe (Quebec-East), that to-morrow the house take into consideration a resolution of sympathy and loyalty to His Majesty King Edward VIII, and a resolution of condolence to Her Majesty Queen Mary, and that standing order No. 45 with respect to notices of motions be suspended.

Motion agreed to.

On motion of Mr. Mackenzie King the house adjourned at 4.20 p.m.

Friday, February 7, 1936

The house met at three o'clock.

DEATH OF KING GEORGE V

MOTION FOR HUMBLE ADDRESS TO HIS MAJESTY KING EDWARD VIII—MESSAGE OF CONDOLENCE TO HER MAJESTY QUEEN MARY

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I rise to move the resolutions of which I gave notice yesterday. The text of both resolutions appears upon the order paper. I shall propose two motions, each of which my right hon. friend the leader of the opposition (Mr. Bennett) has kindly consented to second. For the convenience of the house the motions will be dealt with as one in the speeches that will be made.

In the last session of the last parliament, members of all parties in the House of Commons united in extending to His Majesty King George V, and to Her Majesty the Queen, the congratulations of the House of Commons of Canada upon the celebration by His Majesty of the silver jubilee of His Majesty's accession to the throne. A new parliament has since come into being. A new king is to-day upon the throne.

In the first session of this new parliament, as recently elected members, it is our duty, on behalf of those we represent, as, indeed, it is also our sad privilege, to convey to His Majesty King Edward VIII the expression of our profound sorrow at the bereavement His Majesty has sustained in the death of his beloved father, our late sovereign, King George V, and to express to His Majesty our own personal allegiance and loyalty; also to express our heartfelt sympathy to Her Majesty Queen Mary.

In the tributes paid His late Majesty on the occasion of the completion of the twenty-fifth year of his reign, there will be found the silver lining to the cloud of the world's sorrow to-day. It may truly be said of mortals, be their station high or low, that kindly words to the living are better far than many eulogies of the dead. There must be consolation in the heart of Queen Mary, in the heart of King Edward, as there is in our own hearts, that all that could be said to-day was said at that time, and said to better effect, and that, long before his earthly life drew to its close, King George knew how greatly he was beloved by all his subjects, and how universally esteemed he was by all men and nations.

At the close of the day there will often be seen, at the distant horizon in our Canadian skies, that silver light "that never was on sea or land," as the sun, in a blaze of glory, sinks to its rest. Such, it seems to me, will be the world's memory of the passing of our sailor king, as he left these shores for others beyond our ken.

I would not venture, in the presence of a sorrow so manifest as that we have witnessed in all parts of the world, to add anything at this time to the expression of our own grief. Nor shall I seek to repeat what was said in this house, and elsewhere throughout the empire, less than a year ago, and which has found new and deeper meaning in the events of the past few weeks. I shall content myself with expressing on behalf of the parliament of Canada, in common with other parliaments of the empire, our warm appreciation of the tributes paid our late sovereign by those in authority and others in foreign countries, making special mention, as having reference to our immediate neighbour, of the many fine tributes paid the memory of King George by the president, the press, and the people, of the United States. International feeling has never found nobler expression, nor have foreign nations come at any time into more friendly touch with our own, than in the sincerity and depth of the sympathy they have shown with the nations of the British Commonwealth in their sorrow and loss.

May I say just a word of the personality of King George V, and of our sympathy with Her Majesty Queen Mary, also of what seems to me to have been of greatest significance in His late Majesty's life and reign.

It is impossible, I believe, to overestimate what we owe, and indeed, what the world owes, to the personality and personal example and endeavours of King George. Had His Majesty been a different type of person, the course of current events in Britain and elsewhere throughout the empire might also have been vastly different. It was what King George was as a man, that accounts most for what he was as a king. His personality permeated all he said and did, and left its glow

upon his words and actions. He was intensely human, simple and natural in his tastes, gentle and kind in disposition. He liked best those things which contribute most to human happiness—the joys of home, the companionship of friends, the quiet of the countryside. Sandringham meant much more to him than Buckingham Palace or Windsor Castle. In private and in public life he was highly honourable. He stood for rectitude. He had a profound sense of duty, and he reverenced truth and justice. Above all, he was "benignly vested with humility"; and he possessed that gift, which God alone can bestow, "a wise and an understanding heart."

There is something which will appeal to all men in the incident narrated by the Archbishop of Canterbury to his congregation only a few evenings ago. His Grace told them of a conversation he had had with the late king at the time of the silver jubilee, after its celebrations were over. His Majesty said to the Archbishop, "I cannot understand it all" —referring to the overwhelming outburst of public tributes that he had received—"I cannot understand it all, for after all I am only a very ordinary sort of fellow." There was something even more appealing, profoundly moving, indeed, in the words which we ourselves heard as we listened to the last of the king's messages, the one given by His Majesty from Sandringham on Christmas day. Referring to the silver jubilee rejoicings and the personal link between himself and the people, which he said he valued more than all else, King George also said: "How can I fail to note in all the rejoicing, not merely respect for the throne, but the warm and generous praise for the man himself who, may God help him, has been placed upon it."

It was the man thus revealed amid the trappings of royalty, and unspoiled by the pomp and pageantry of palaces and courts, which caused King George to be so deeply beloved. It was that which, in the words of His Excellency our new Governor General, will cause him to live in history as "a king who came closer than any other monarch to the hearts of his subjects." I believe it may truly be said that there never was a better king.

Here may I pause to say that, while King George's was a wonderful life, made great through real character, His Majesty was ever the first to acknowledge how much his power and influence for good was due to and enhanced by the beneficent influence of Her Majesty Queen Mary.

The life partnership of the queen meant everything to the late king. She was ever at his side in sickness and in health. Together they shared, for forty-two years, the joys and sorrows of married life, and for over a quarter of a century, the great responsibilities of the throne. By untiring devotion to duty, and self-sacrificing lives, they ever sought to give expression to their love for the people and their desire to serve.

In her great sorrow, the queen may well be comforted by the knowledge of what, throughout his life and reign, her tender ministrations and loving companionship meant to the late king. There should be comfort, as well, in the thought that the love of the people for the king was inseparable from that of their love for the queen.

In her sorrow and loss, I think I may honestly say that there is felt, for Her Majesty Queen Mary, by every member of this house, a personal sympathy which it would be impossible to express in words.

Of the contributions made, to the period of his reign, by King George's personality, and His Majesty's personal endeavours, the most apparent was that towards the unity and good will of all parts of the great empire over which he reigned.

The contribution began with His Majesty's early life at sea, and his subsequent visits to the outlying dominions and India. It was developed, after his accession to the throne, by the catholicity of His Majesty's interests and his close identification with the varied activities of the people. It received heightened emphasis in his immediate contacts with members of the defence forces, at the time of the great war. It was a constant factor at all the great conferences in London.

This contribution found its widest and most intimate expression in the addresses King George made to his subjects at the time of His Majesty's recovery from his severe illness six years ago, and as I have already indicated, in radio broadcasts delivered from time to time, and, more particularly on Christmas day, in the last two years. It was at these times that we all heard for ourselves His Majesty's voice, and were made to feel the friendliness and tenderness of his nature. We gained a new consciousness of the nearness of our relationship to each other, because of our deeply cherished common relationship to him. We felt ourselves drawn together as members of one great family, as he sought to have us share with him the joys and sorrows of his personal life, and as he pictured to us his conception of empire in terms of the loyalties of home and the affection of family ties.

A second great contribution, a contribution closely allied to the one first mentioned, was that made towards the position and per-

manency of monarchy. In the wise and conciliatory manner in which King George dealt with the serious problems which confronted him at the time of his accession, he won the immediate confidence of his ministers. This, during his reign, he never lost. While ministers and governments changed, all alike found in him a wise counsellor and friend. By the steadfast way in which, throughout his reign, King George upheld constitutional government, he won the confidence of parliaments and the people. All knew and felt that he would seek to see that government was carried on without fear or favour to any interest or class. Thus it was that under King George, monarchy and democracy were not only reconciled, but became allied in an effort to preserve what was best in both.

The events of King George's reign—the political and social unrest, a long war, and a difficult peace—were such that with a less wise and less popular sovereign, the throne itself might constantly have been in jeopardy. As it was, notwithstanding far-reaching constitutional and parliamentary changes, and swift and unprecedented change in the organization of human society, the British monarchy grew in public confidence and in international prestige.

There was another equally great contribution made to his day and generation by King George, through his personality and personal endeavours. It was the contribution of more in the way of a spirit of good will and mutual helpfulness between persons of all ranks and classes; a wider recognition of the common human lot.

Having regard to the troubled and unsettled nature of the times in which he lived, and in which we continue to live—to the changing social order—I believe it is impossible to overestimate the value of this contribution. King George, himself, saw in it not only the surest method of maintaining the blessing of peace, but the only means of effectively solving the economic ills which beset us. He hoped that the spirit of mutual helpfulness would grow and spread. By word and by example, he did all in his power to foster and develop it.

There is one more contribution which King George's personality and personal endeavours made to the world of his day of which I should like to speak. It constituted, I believe, the supreme aim of his life. It was the promotion of friendship among all men and all nations. In the quarter of a century during which he reigned, it was given King George to witness more of war, of strife, and of unrest than the world had known in any corresponding period of time, or, indeed, at any time. Perhaps this, more than any other reason, caused him to stress so strongly the importance of human friendships, and to believe that friendly relations with all nations should constitute the cornerstone of British foreign policy.

[Mr. Mackenzie King.]

Whatever the cause, it was friendship between the peoples of different countries, and friendly relations between nations, that His Majesty sought most to keep before his own peoples and foreign states. This aim was expressed in deeply impressive words in the message of thanksgiving cabled to all parts of the empire in the spring of 1929, when King George referred to the sympathy shown him by unknown friends, in many countries, at the time of his illness.

> "I long to believe," His Majesty said, "it is possible that experiences such as mine may soon appear no longer exceptional: when the national anxieties of all peoples of the world shall be felt as a common source of human sympathy and a common claim on human friendship."

Even more impressive, as being a part of the king's last message, from which I have already quoted, were the words we heard expressed with so much feeling as we listened to his voice on Christmas day. Let me recall those words:—

> In Europe, and in many parts of the world, anxieties surround us. It is good to think that our own family of peoples is at peace with itself and united in one desire to be at peace with other nations—a friend of all, an enemy of none.

"A friend of all, an enemy of none." In these words we find the life purpose of our late king. It was the image he sought to impress on the nations of the British commonwealth, as clearly and distinctly as his own royal effigy is stamped upon their coinage. How largely he succeeded in fulfilling the great purpose of his life is apparent in the tributes which have been paid his memory by peoples of all races and climes, and by every nation under the sun.

"A friend of all, an enemy of none." It is, as such, that, throughout all time, King George will be remembered. What comparable epitaph has found its place upon a royal tomb!

Here we may well take our leave of him whom we knew and loved so well, and with thankful as well as loyal hearts hasten to declare our allegiance to our new king.

There are many reasons why we may with confidence welcome the accession of Edward VIII to the throne of his ancestors. The new king comes of a royal family which has inherited and been true to great traditions of

public service. Many of us still vividly recall the passing of Queen Victoria. Four years before her death she had celebrated the diamond jubilee of her accession to the throne. Most of the generation of that day had known no other sovereign. It seemed, at that moment, as if the British throne would never again have so revered and illustrious a sovereign. That was thirty-five years ago. Since that time the son and the grandson of Queen Victoria have occupied the throne, and each has left a memory revered, not by British peoples only, but by all men and nations.

The death of Queen Victoria occurred between the dissolution in Canada of one parliament and the convening of another. By a rather remarkable coincidence, the first day of the meeting of the new parliament after the death of Queen Victoria—Canada's ninth parliament—was, as has been the first day of this the eighteenth parliament, on the 6th of February. Speaking, in 1901, as I am now speaking to the newly assembled members of the House of Commons, the Right Honourable Sir Wilfrid Laurier, referring to the new king, also Edward by name, declared that he who was a wise prince would be a wise king; that the policies which had made the British empire so great under his predecessor would also be his policies, and that the reign of King Edward VII would be simply a continuation of the reign of Queen Victoria.

In expressing our feelings toward our new king, I can think of no words more appropriate than words similar to those used by Sir Wilfrid Laurier in reference to Edward VII. He who has been so beloved as a prince, will, we believe, be beloved in even greater measure as a king. We believe that the policies which have made for unity and friendship under his predecessor will also be his policies, and that the reign of King Edward VIII will be simply a continuation of the reign of King George V.

In his first public utterance as sovereign, Edward VIII declared to his privy council that he was determined to follow in his father's footsteps in upholding constitutional government, and in working for the happiness and welfare of all classes of his subjects. These words His Majesty repeated in a message to the British House of Commons, written in his own hand, and which contained, as well, a reference to the manner in which King George was ever actuated by a profound sense of duty.

We did not need to be thus assured that it would be King Edward's determination to follow in the way his father had set before him. Along more paths than one he has already followed in his father's footsteps. There is scarcely a part of the British empire King Edward did not visit during the years he was known to us all as the Prince of Wales. His knowledge of the empire and its problems is infinitely greater than was that of King George at the time he came to the throne. His personal friendships with his subjects are vastly more numerous. He is no stranger to government or matters of state. Time and again he has taken his part as representative of the crown on ceremonial and other occasions, and in all parts of the world. The British peoples in different parts of the world had come to look upon him, in his visits to foreign countries, as their ambassador at large. King Edward VIII comes to the throne to-day with a wide knowledge of his people and their problems.

Nor can there be any mistaking King Edward's deep interest in social problems, or his desire for friendship with all men and nations. All who have followed his career know that he has much at heart the condition of those whose struggle is against poverty and adversity. His visits to the industrial areas, his interest in the housing problem, his desire to rid the cities of Britain of their slums, his advocacy of other forms of social betterment and social service, speak for themselves. What he saw of war in France and Flanders, and, even more, what he knows of the legacies it has left, have given him a passionate desire for peace. To the interest and power manifested in these directions as Prince of Wales will now be added the authority and prestige of the throne.

It is not the new king's part in government, so much as our own, that, it seems to me, calls for concern at this time. That King Edward has a profound sense of duty, and that he will uphold constitutional government, and that at all times he will have uppermost the welfare and happiness of all classes of his subjects, there is not the least doubt. It must not be forgotten, however, that terrible as were many of the years of King George's reign, King Edward has come to the throne at what may yet be seen to be the most critical and difficult period in the history of the world.

Constitutional government, while it places great responsibilities upon a sovereign, places even heavier responsibilities upon his advisers. An ill-advised word, an error in judgment on the part of those in authority, may, in times like the present, precipitate the most appalling of situations. King Edward himself has foreseen this. He made it plain at the moment he was proclaimed king. Having given his pledge to uphold constitutional government, and to work for the happiness and welfare of all classes of his subjects, His

Majesty concluded his address to his privy council in the following words:

I place my reliance upon the loyalty and affection of my people throughout the empire, and upon the wisdom of their parliaments, to support me in this heavy task, and I pray that God will guide me to perform it.

"The wisdom of their parliaments!" This is now the recognized foundation on which rests, not only the security of the crown, but the security of the peoples of the British commonwealth. Who will say that it may not constitute the security of human society and civilization?

As members of one of the parliaments of the empire, well may we join with our new sovereign in praying that God will guide us in the performance of our task.

With these words, Mr. Speaker, I beg to move, seconded by Mr. Bennett, that a humble address be presented to His Majesty the King in the following words:

To The King's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's dutiful and loyal subjects, the House of Commons of Canada, in parliament assembled, humbly beg leave to express our deep sympathy with Your Majesty in the affliction and loss you have sustained by the death of the late King, Your Majesty's beloved Father.

Your Majesty's sorrow is shared by the people of this dominion, whose representatives we are. King George V, by His fidelity to duty, His public service, and His constant endeavour to advance the well-being and happiness of all classes, had greatly endeared Himself to His Canadian subjects. We remember with gratitude His unremitting efforts to secure friendship and peace among the nations of the world. In common with all parts of the empire, we shall ever deeply cherish His memory.

We welcome Your Majesty's accession to the throne of your ancestors. We desire, in so doing, to express to you our loyalty and devotion. It is our firm conviction that Your Majesty will ever seek to promote the happiness and to protect the liberties of all your people. As members of the parliament of Canada, we wish to assure Your Majesty that, in the discharge of these great responsibilities, it is our desire and determination to uphold and support Your Majesty, to the utmost of our authority and wisdom.

I would also move, seconded by Mr. Bennett, that the following message of condolence be sent to Her Majesty Queen Mary:

Your Majesty:

We, the House of Commons of Canada, in parliament assembled, respectfully beg leave to tender to Your Majesty our heartfelt sympathy in your great sorrow and bereavement. We share Your Majesty's grief and loss in the passing of our late sovereign, King George V, who was greatly beloved by all his subjects.

We pray that, at this time, Your Majesty may be comforted and sustained by the remembrance of what your loving companionship meant to the late King throughout his life and reign; by memories of service shared; and by the sympathy and love that everywhere surrounds Your Majesty in your great sorrow.

[Mr. Mackenzie King.]

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the observations made by the right hon. Prime Minister (Mr. Mackenzie King) represent the heartfelt expression of opinion of this house. He speaks not as the chief of a great party, but as the leader of the House of Commons, and lengthy observations on my part should therefore be unnecessary. But tradition necessitates my making at least a few observations on behalf of those who sit with me, and are affiliated with me politically, so that we may be associated with what has been said.

I do not suppose that in the history of our institutions as we have them there has ever been any such manifestation of popular emotion as that which followed the death of His Majesty King George V. In city, town and hamlet, and in remote sections of the prairie, men and women regarded the death of King George as a personal sorrow. So far as I have been able to read, never before has it been given to a sovereign to touch the hearts of the people as did King George V. As one observer has said, it is difficult to express the reasons why, but on the other hand it is not difficult to understand the causes.

The late king might well be said to have been the hereditary president of our empire. He was closely in touch with his people. When he succeeded to the throne, having travelled over every part of his vast empire, having circumnavigated the globe before he was heir apparent to the throne and having served in the navy with great distinction, he was acquainted with every part of his vast dominions. When he ascended the throne, he asked the people to permit him to follow in his father's footsteps, and he referred to the great anxiety of King Edward VII to ameliorate the conditions of his people. At that time, when our late king had ascended the throne, the duties of the sovereign were defined as safeguarding the treasures of the past and preparing the path of the future. All the glories, all the achievements, all the security of law and order, all the developments of ages—these treasures had to be safeguarded. But with changed conditions, with the growth of a new democracy, with the extension of the franchise, with the balance of power changed from what it had been, a new path had to be made; that pathway had to be prepared. Such was the obligation of the new sovereign.

I wonder if for a moment one could contemplate what has transpired since then? Shortly after his accession to the throne he had to deal with complex constitutional problems, the like of which no former sovereign had had to consider, although his father had dealt with them in part. Later, and only very shortly after his accession to the throne, the most desolating war of all the ages came upon us. In its aftermath we had a long, long struggle to get back to prosperity. We were faced with the necessity of a readjustment of our conditions, and painful effort to overcome the difficult situation that had been brought about. In all this the king was not only the head of the state but the inspired leader of his people, the wise and sagacious statesman, the man of broad vision who saw beyond the narrow confines of the day and who looked into the long to-morrows. In the industrial centres, in the great and teeming population he laid the foundation of affection and regard which made possible the development, the safeguarding, the securing upon a permanent basis of those institutions of ours as we have them to-day. What an achievement! The safeguarding of the treasures of the past, proving that it was not inconsistent with the maintenance of the great dignity of kingship to maintain the closest touch with the people in the freest democracy of the world. Never have men's liberties been more amply secured, never has freedom been upon a broader base than in the United Kingdom during recent years. This achievement, while it has been in no small measure attributable to the prescience of wise statesmen, must always in the last analysis be attributed to the dispassionate attitude of the sovereign, far removed from political parties, free from the partisanship of contending chiefs of parties in the state, and concerned wholly with the happiness, welfare and well-being of his people.

He had his reward, for when King George passed beyond, never was a throne more firmly established or more securely supported by the people's will; it had survived the struggles of the war, the internecine strife of parties following upon that great conflict; it had survived the days when the struggle for prosperity was still in the minds of the people and had emerged stronger, more enduring, than ever in its whole history. And so as he passed to his reward our late king was sure that he had preserved the treasures of the past and was able to hand on to his successor a priceless legacy, a legacy which cannot be defined in words, a legacy which he himself enriched by his toil, by his vision, and by his appreciation of his responsibilities.

The pathway of the future must be prepared. The statute of Westminster has secured for the autonomous dominions overseas an equality of status with the motherland herself, an equality in every particular in matters affecting domestic and foreign policies, all owing allegiance to the same crown and associated together in the commonwealth of nations. So far as we in this parliament are concerned, we may indeed say that constitutionally the pathway of the future has been prepared.

I should like particularly to associate myself with what was said by the right hon. the Prime Minister as to the terrible obligation and responsibility—and I use the word "terrible" advisedly—that rests upon the parliament of this senior dominion of that great overseas empire, a responsibility the contemplation of which is calculated almost to overwhelm one. Sometimes it well might be that a chance word, a wrong attitude of mind, a lack of appreciation and understanding, perhaps a desire to serve an immediate purpose, political or otherwise, might involve considerations of the greatest moment not to Canada alone but to every part of the British commonwealth of nations, and thus affect the welfare and peace and happiness of the whole world.

The predominant aim of the late king, as he himself has said, was to maintain constitutional government in all its strength and power. Many a time his advisers have not been slow to tell us that we have had a closer appreciation and understanding of advice given to our sovereign, and of action taken by him than we have ever had in any other age in our history. One cannot but realize that at times there have been acute differences of opinion between the sovereign and his advisers; but never was there a moment when the sovereign, having considered and discussed these matters with his ministers, did not follow the constitutional course of giving effect to the advice he had received. Frequently he was able to modify the views that were expressed. Frequently he was able by discussion and argument to convince those who were his advisers that other courses than those contemplated should be taken, but always in the end the action taken was the action of his ministers.

His influence we cannot to-day appraise. We should not attempt it; it will be for history to determine that. We are too near the picture. But this we do know, that those who had to deal with him in matters of state and those who from time to time had dis-

cussions with him of problems affecting the welfare of one-quarter of the world's population were unanimous in the view that he was a constitutional sovereign. By his wide experience, by his great knowledge of men, through the life of his contact with successive ministries, he had been able to achieve so detached a position and so sound a judgment, such great wisdom and sagacity, that his influence was at times decisive in matters of the gravest importance to every part of the world. That I think was exemplified particularly in the formation of what was known as the national government. The historian of even to-day has told us how great that influence was; but that sound constitutional sovereign was never unmindful of the fact that, although one-quarter of the world's population owed allegiance to his throne, there was a wider world than that over which he reigned, and the constant endeavour of King George was to maintain good relations between Great Britain and indeed the British empire and every part of the world, so that the influence of this commonwealth of nations might always be an agency for peace and for the happiness of mankind. That in itself was a great ideal. The accomplishment of it obviously is impossible for human minds or human men, but the effort to achieve it was never lacking.

There was a side of the late king which we must not overlook, and that was his influence on the national character and life, not only through his constant appearances with the queen before the public, but in the observations which from time to time he was pleased to make, not only in the Christmas day broadcasts but also by their example. And what finer example for the poorest or the most humble in the country could there be than that of the family life of King George V? He was a respecter of all the conventions of life, a religious man in the truest and best sense, tolerant of all, knowing that his subjects belonged to many races and professed many faiths. He kept the Sabbath holy. He maintained that regard for conventions that has made, as we all know it to be true, the home and family the keynote of our greatness; for the greatness of this empire, so far as it is reflected from its centre or from its overseas dominions, lies in the fact that its foundations are set in the homes of the people. No work was done on Sunday, the day of rest. Never was he lacking in religious observance wherever he might be, whether it was in the private chapel in a great palace or in the little church in the parish of Sandringham; whenever his health permitted he was there. The force of his example upon his people and upon the world of good living, of high regard for home and family, I would place as the greatest possible influence that has been exercised by our late king upon the world at large.

[Mr. Bennett.]

There is one word I might say and perhaps I will be forgiven for saying it. The Prime Minister referred to a statement made by the Archbishop of Canterbury. I was privileged to represent this parliament last May, and during the course of conversation the late king used words almost similar to those used by the Archbishop of Canterbury. He said to me that he could not understand why there was manifested such evidences of affectionate regard on the part of the people. He added, "I am a very ordinary man, but I have done my best." Never shall I forget the way in which those words were spoken. Not, "I have done my duty," but "I have done my best." Could anything be finer? Could anything better than that be held up to the youth of this or any other country? Vicissitudes, sorrows, the death of mother, sister, son, illness nigh unto death—all these things had crowded into that busy life—but he had done his best. Perhaps that thought was in the minds of his people when they showed such affection, affection as has never been shown to a mortal king so far as we have record. It was not reverence, or respect, or admiration; it was real love and affection. It was the reward for virtue, courage, dignity, toil, self sacrifice; for, in the words of Kipling, never asking a man to do other than what he himself would do. Was prohibition to be enacted, was the use of spirits to be denied in the kingdom, the king would also follow that course. Were there restrictions upon food, the king must subject himself to them. No sacrifice did he shrink from that his subjects had to bear. With the life of toil and sacrifice he reached the reward that he spoke of in those beautiful words, not in his last Christmas message but in the Christmas message of 1934, when he said:

> If I may be regarded as in some true sense the head of this great and widespread family, sharing its life and sustained by its affection, this will be a full reward for the long and sometimes anxious labours of my reign of well nigh five and twenty years.

Could anything be finer than that? Five and twenty years of toil and then his reward is sharing the life and being sustained by the affection of his subjects. There we might leave it, but something else was said that no man can forget. It was a great author who once said that of the four sweetest words in our language, "home" and "mother" were two. Of the king's devotion to his mother everyone is aware, but who can forget the words that he

used on his accession to the throne with respect to his wife? Not "Queen" as we use the word, but this is what he said on that May day when he ascended the throne:

> I am encouraged by the knowledge that I have in my dear wife one who will be a constant helpmate in every endeavour for our people's good.

With all the pomp and pageantry surrounding the throne, the late king in ascending it spoke of his "dear wife." For twenty-five years she was his constant partner in joy and sorrow, she shared with him all the joys and all the woes of that great office. At the end, in the ancient hall at Westminster, I heard him utter these words:

> I have been blessed in all my work in having beside me my dear wife, of whom you have spoken so kindly.

I happen to know that one of the things that gave His late Majesty the greatest pleasure was the thought that on the day on which that speech with amplifiers and broadcasts was carried to every part of the kingdom, a workman, speaking to a fellow workman, said, "Why, Bill, he is just like you and me. Did you hear him? He spoke with feeling when he spoke of his wife; he felt just the way we do when we speak about ours." I happen to know that gave to His Majesty the greatest joy possible. One of his subjects, humbly illiterate if you will, living a life of relative poverty, recognized the choking accents of his sovereign as he spoke of his dear wife at the close of that memorable address. He said, "I have been blessed in all my work in having beside me my dear wife." What a tribute to home and mother!

Our hearts go out, not to the great queen who has ennobled her high position and filled it with dignity and honour to the pride of all subjects of the king, but to the widowed mother, bereaved of husband, mourning his passing, who has now become the subject of her son. It is in that sense I join with the right hon. gentleman in his moving reference to Her Majesty. It is in that sense that we adopt this address of condolence to her in her great loss.

There remain but a few words to speak of the young man who has succeeded to the throne of his fathers as Edward VIII. He is no stranger to us. Frequently he has visited our country. His democratic attitude toward life, his wide knowledge of men, his clear conception of his obligations and responsibilities, his extraordinarily fine training in all the obligations of kingship enable him to come to the throne equipped as was his father or, as the Prime Minister has said, perhaps better fitted by travel to discharge the great and onerous duties of his high office. We render him the homage of our grateful hearts. We offer him the tribute of our affection because when he came here in 1919 there was no human, however hardened, no citizen, however old, who could look upon that smile without emotion. It charmed, it fascinated, it commanded the respect and admiration of all.

With the lapse of time, with the growth of knowledge, and with wider understanding, greater wisdom and much greater sagacity, he succeeds to the throne of his fathers, equipped to carry on the work so successfully initiated and carried on by George V. We are his subjects; but we wish him well, not because of his kingly office, not because we owe him allegiance, but because he embodies in his person those attributes which we would have possessed by the head of our state, the head of Canada, speaking, as he does, in the terms of the British North America Act and of the statute of Westminster, through His Excellency the Governor General, the personal representative of that king.

But there is another side; and depressed as we are, as we contemplate conditions in the world around us, worried as we all are with the thought of grim realities that cannot be cast away with a few words, or dealt with in rounded sentences—the vast, grim realities of world conditions as they are—we thank God with grateful hearts that He has given us the great king whom we have had and who has passed to his reward, having had three score years and ten of active life, filled with anxiety and sacrificing toil for his people. We thank the Giver of all good and perfect gifts for that great life; we thank Him that His Majesty's Consort the Queen still lives, and that He has given us, in the person of our new king, one who will maintain the high traditions of a great office and will carry forward, as he himself has said, by every means within his power, the policies, the point of view and the ideals of his father who has passed to his great reward.

Here I close, hoping with all hon. members of this house, as all human beings must hope, for brighter and better days, hoping that an all-seeing Providence may direct men of wisdom so to advise their sovereign, that the dark possibilities to which the Prime Minister has alluded may never become actualities, but that with wisdom, fearing God and loving the king, we may serve our day and generation as our great departed king served his.

Hon. ERNEST LAPOINTE (Minister of Justice) (Translation): Mr. Speaker, it is for me a great honour and an important duty to second the resolution of the right hon. the Prime Minister (Mr. Mackenzie King) expressing to His Majesty the King and to Queen Mary the sentiments of profound and respectful sympathy that the death of King George V has called forth from the hearts of the Canadian people.

Throughout his entire life, by his dignity, his universally known kindness, as well as by the conscientious performance of his duties, his devotion to the interests of the empire and his strict adherence to constitutional rules and practice, the sovereign who has just departed has merited the fidelity and affection of his subjects, while at the same time fulfilling the ideal of the monarch, friendly to peace and respectful of the liberty of individuals and of nations.

It is during his glorious reign and with his cooperation that Canada has evolved from the status of a colony to that of a nation, free but ever loyal to its king. This is for us Canadians a particular reason to honour the memory of him who thus accepted to become in a manner more directly the sovereign of this country of ours, which is gradually and peacefully progressing from adolescence to national maturity.

As a representative in this house of the French population, I am sure that I faithfully interpret the sentiments of my compatriots when I say that the departed king has instilled into the hearts of all of us feelings of respect, of loyalty and of love that only truly worthy, truly great kings can inspire.

In the family of the British dominions, George V has magnificently incarnated the principle of unity, of duration, that gives to the members of this world-wide association the inspiration and the means to accomplish their respective tasks and to fulfil their common destiny. In fact, as a French writer has said, the king "represents the nation in all of its characteristics that are continuous, unchangeable, eternal."

If Goethe was right in saying: "Nothing is great that does not endure," history will record that it is the reign of George V that ensured the survival of constitutional monarchy in the world.

Parliament honours itself this day in rendering, on behalf of every citizen of the country, its homage of just gratitude to him who has so nobly lived his life as a man and so usefully fulfilled his mission as a king.

To His Majesty King Edward VIII to Queen Mary, to the whole royal family so cruelly stricken, Canadians respectfully extend sympathies all the more sincere because of the profound grief they themselves feel.

I desire in addition to assure His Majesty the King that our loyalty and fidelity to him, our respect for his person and our attachment to British traditions will be the same under his reign as they have been under that of his illustrious predecessor.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, it has been a great delight to me to hear the expressions of loyal devotion to our king and queen. I should like to add to those expressions just a few words on behalf of the people whom I represent, the loyal social credit people throughout the Dominion of Canada. We rejoice in our king; we rejoice in the British monarchy; we have rejoiced particularly in the good work of King George. I am reminded of the words of Tennyson in his great poem on the Death of the Duke of Wellington, wherein he speaks of—

> That sober freedom out of which there springs
> Our loyal passion for our temperate kings.

That sober freedom, difficult to define but nevertheless a remarkable characteristic of the race to which we have the privilege to belong, a sober freedom out of which there springs a loyal passion for constitutional monarchy. Starting in the last century, about 1820, there became intensified one of the greatest struggles for the liberty of man in this world's history. It first became really manifest in Great Britain when the reform bill of 1832 was passed. From that time on and throughout that century, culminating in 1917, there was an incessant and tireless struggle of the common man upward to freedom; a struggle to gain representative institutions, responsible government, freedom to vote as he chose through the secret ballot and universal suffrage. And through all that struggle, steadily with the people was the temperate monarchy of Great Britain, particularly through the years of Victoria the Good, when the greatest number of those battles were fought. Through all those years the monarchy of Britain was with the common man, with the people. I am reminded of a little poem which I shall modify slightly; I believe it expresses the thought as I see it:

> As to the bow the cord is,
> So to Britain is the monarchy.
> Though it bends her it obeys her;
> Though it draws her yet it follows.

A most remarkable condition, which I believe has not been known in all this world's history before, but a condition verily true.

Commencing in 1920, or perhaps a little before, the British people began to discover

that they were engaged in another desperate struggle upwards towards freedom. The leaders had recognized it before. We are struggling towards economic liberty equal to the political liberty which we have achieved. In the struggle for economic freedom I believe I see, sir, a British monarchy true to its finest traditions as exemplified in His Majesty King George V, still bending the empire and still leading, yet still obeying and still following. We find His Majesty on June 12, 1933, making a statement in the following words. He was speaking before a great economic conference which but for those words perhaps have been hopelessly abortive, but which as a result of those words had an influence upon mankind. The words were:

> It cannot be beyond the power of man so to use the vast resources of the world as to ensure the material progress of civilization. No diminution in these resources has taken place. On the contrary, discovery, invention and organization have multiplied their possibilities to such an extent that abundance of production has itself created new problems.

I submit, sir, that in those words our beloved monarch, whom we mourn from one corner of this British Empire to its remotest bounds, recognized the great struggle which was then commencing and expressed his sympathy with the toiling millions of us who are striving upward towards economic freedom. And I rejoice that our new sovereign, Edward VIII, in whom I feel we are justified in placing such great hope, has already manifested on several occasions similar vision. At one time when he was visiting the mining areas in the north of England, as the king saw the out-of-work miners in their grim homes it caused him to exclaim, "What a ghastly mess it all is! It makes me positively sick. What is the cause of all this? It cannot go on. It is a blot on England." And again at a later time, speaking before the international congress on commercial education in July, 1932, he said; "Our urgent task is to bring consumption and production into proper relationship—not a simple but a quite possible task."

Mr. Speaker, I rejoice in those words. I look forward with confidence, and I pray, with you and the other hon. members here, that God will direct that man in ruling this country and will direct the statesmen who are called to advise him in the various great dominions of the British Empire, in such a way that all shall work together under God to bring consumption into harmony with production, and go forward in the great struggle for economic liberty. And may the Lord fulfil in King Edwards' case the promise made in His behalf by a great hymn writer:

> For I will be with thee thy troubles to bless,
> And sanctify to thee thy deepest distress.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, on this special occasion our party desires to join with others in expressing our respect for the late king and our sympathy with Her Majesty, Queen Mary.

My memory goes back to the death of Queen Victoria. There was then a sense of profound personal loss, coupled with a feeling that the bottom had dropped out of everything. Perhaps it is because I am older in years, too nearly a contemporary of His late Majesty, that I do not experience just those emotions to-day. My own point of view, and I fancy that of many others, has changed. Many years ago, when a young man in England, I was profoundly stirred by the well known lines of Ebenezer Elliott:

> When wilt thou save the people?
> O God of mercy! When?
> Not kings and lords, but nations!
> Not thrones and crowns, but men!

This point of view has been too long neglected, but in expressing and emphasizing it perhaps some of us have hardly realized the place which the king has filled in the life of the empire. The king embodies, as it were, in himself the great British tradition. Those who have come under the spell of Westminster Abbey will know what I mean. From the figures of shadowy legend down through a long line of kings, some good, some bad; through victories and defeats; through constitutional changes, by incorporating ideals and institutions of other lands and civilizations, and again by sharply distinguishing our own type from others, this tradition has been built up. Not in disparagement of any other nation or culture, and not as though we had already attained, either were already perfect, we are proud to call ourselves British.

And again the king is a symbol of the unity of the commonwealth. I prefer the word "commonwealth" to the word "empire," because I detest the older imperialism and all its works. But the voluntary association of a number of politically self governing dominions is a great achievement. Indeed it encourages one to hope for a yet wider unity. Even in Victoria's day the poet laureate dreamed of the parliament of man, the federation of the world. It would be the crowning glory of England if she could give an effective lead in the establishment of world peace.

Further, the British king as a constitutional monarch represents the adaptation of old forms and institutions to new needs and new functions. "Compromise" in the sense of the

sacrifice of principles is a despicable thing, but compromise as the discovery of a working arrangement through which various points of view are reconciled and some advance made in the difficult art of learning to live together—such compromise is essential to successful democratic government. Herein, perhaps, lies the peculiar genius of the British people. Without too violent a break with the past, the national life has again and again been revolutionized. In various countries monarchies have given place to dictatorships. In England, political democracy has broadened down from precedent to precedent. When I affirm that it must broaden still more I believe that I am in line with the best British tradition.

The king is a symbol, but much more than an inanimate symbol. He is flesh and blood as we are. To-day the empire mourns the passing of a man, a son, a husband, a father. Burns, in making a plea for the common man, declared: "A man's a man for a' that." One might thus plead for those who inherit high office—a man's a man for a' that. As one recalls the court life of an earlier day; as one thinks of the domineering, strutting heads of some modern nations, one cannot but be thankful for certain qualities exhibited in the personal and official life of our late king.

King Edward comes to the throne in days of strain and stress at home and abroad. He, and all of us, face an uncertain future. I should like to think that the sympathy expressed by the king, when the Prince of Wales, at the time of the miners' strike, to which reference was made by the last speaker, will characterize not only the new king but also his advisers in Great Britain and throughout the empire.

The proclamation "The king is dead. Long live the king!" is of little importance unless we set ourselves with determination to bring in the better day.

> Ring out false pride in place and blood,
> The civic slander and the spite;
> Ring in the love of truth and right,
> Ring in the common love of good.
>
> Ring out old shapes of foul disease;
> Ring out the narrowing lust of gold;
> Ring out the thousand wars of old,
> Ring in the thousand years of peace.

Mrs. MARTHA LOUISE BLACK (Yukon): Mr. Speaker, it seems to me that I would be derelict in my duty to the women of my beloved constituency in the north and to the women of Canada generally if I did not join my voice to the voices of the right hon. Prime Minister (Mr. Mackenzie King) and my right hon. leader (Mr. Bennett). Her Majesty the Queen has set the women of Canada an example of devotion to home life, devotion to family and devotion to the business that comes up every day by which we must all profit, and I should like to be allowed to join in this tribute of regret and sympathy to that beautiful woman.

Motions agreed to.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING moved the adjournment of the house.

He said: There is no necessity of any ancillary motions, since I understand identical resolutions were adopted in the Senate to-day. As this concludes the order of business for this afternoon I now move the adjournment of the house.

Mr. BENNETT: Perhaps before the house adjourns the right hon. gentleman would indicate whether or not it would be possible to lay on the table a report of the dominion-provincial conference. I think perhaps we should have some official record before the debate proceeds on Monday. I recall the right hon. gentleman asking. me the same question in happier days—

Mr. LAPOINTE (Quebec East): And what was the answer?

Mr. BENNETT: The answer was that we did our business without keeping any minutes and disposed of it very promptly, with a unanimity that could have been hardly expected in view of the fact that the provinces were not all of one political faith.

Mr. MACKENZIE KING: I recall quite well asking my right hon. friend if he would table a report of the dominion-provincial conferences held during his day, and his reply that he had no report to table. I am happy to say that my reply to him will not be the same. I shall be pleased to lay on the table of the house on Monday the report of the dominion-provincial conference, which I think will bring satisfaction to all members of the house including even my right hon. friend. If he wishes to have a copy before Monday, I shall be glad to see that one is sent to his office.

Mr. BENNETT: I should greatly appreciate it.

Motion agreed to and the house adjourned at 4.35 p.m.

Monday, February 10, 1936

The house met at three o'clock.

CHIEF ELECTORAL OFFICER

Mr. SPEAKER: I have the honour to lay upon the table of the house the report of the Chief Electoral Officer, made in pursuance to section 58 of the Dominion Elections Act, chapter 50, 24-25 George V; also extract from the report on the eighteenth general elections held in 1935, published in advance by the Chief Electoral Officer, giving list of names of candidates; also the report of the Chief Electoral Officer made in pursuance of section 4 of chapter 54, 23-24 George V.

DOMINION-PROVINCIAL CONFERENCE

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved, seconded by Mr. Lapointe (Quebec East):

That 1,000 copies in the English language and 500 copies in the French language of record of proceedings of the dominion-provincial conference, 1935, be printed forthwith, and that standing order 64 be suspended in relation thereto.

Hon. members will have observed that I have already tabled the report in printed form. I took the liberty in advance of the meeting of the house of asking the King's Printer to have the report printed, believing it would be the wish of hon. members to have it available at the earliest possible moment. The motion will permit of the bill for the printing being sent in to the House of Commons.

Motion agreed to.

RAILWAY ACT AMENDMENT

Mr. THOMAS REID (New Westminster) moved for leave to introduce Bill No. 2, to amend the Railway Act (rates on grain).

He said: The proposed bill seeking to amend the railway act has for its object the granting to the province of British Columbia of the same rates on grain and flour for domestic use in that province as are in existence from the prairie provinces to Fort William.

Motion agreed to and bill read the first time.

ITALO-ETHIOPIAN WAR

IMPOSITION AND ENFORCEMENT OF SANCTIONS AGAINST ITALY

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): Will the Prime Minister (Mr. Mackenize King) lay on the table copies of orders in council passed by His Excellency the Governor General in Council which relate to the imposition and enforcement of sanctions against Italy? I would like to have copies of the original orders in council laid upon the table, and also any departmental instructions which were issued in pursuance of the terms of those orders.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, it is my intention to present to the house very shortly a white paper which will contain the essential documents with respect to sanctions and allied matters which have been before the government in regard to the Italo-Ethiopian war. The white paper will, I think, include what my hon. friend has requested. If, after looking over his remarks anew, I find it does not, I will carefully consider what he has proposed, and if it is appropriate to do so, will see that his request is met.

IMPERIAL DEFENCE

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg-North Centre): Mr. Speaker, may I ask the Prime Minister what commitments, if any, have been made by Canada with regard to imperial defence?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I would have to have a conference with my colleague the Minister of National Defence (Mr. Mackenzie) before I could answer my hon. friend. At the moment I am not myself aware of any commitments.

GOVERNOR GENERAL'S SPEECH

ADDRESS IN REPLY, MOVED BY MR. A. G. SLAGHT AND SECONDED BY MR. SARTO FOURNIER

The house proceeded to the consideration of the speech delivered by His Excellency the Governor General at the opening of the session.

Mr. A. G. SLAGHT (Parry Sound) moved:

That the following address be presented to His Excellency the Governor General, to offer the humble thanks of this house to His Excellency for the gracious speech which he has been pleased to make to both houses of parliament: namely,—

To His Excellency the Right Honourable Baron Tweedsmuir of Elsfield, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Member of the Order of the Companions of Honour, Governor General and Commander in Chief of the Dominion of Canada.

May it Please Your Excellency:

We, His Majesty's most dutiful and loyal subjects, the House of Commons of Canada,

in parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious speech which Your Excellency has addressed to both houses of parliament.

He said: Mr. Speaker, the speech from the throne this year, as we all should expect, contains the following special references in its opening: first, to the loss our empire has sustained in the death of His Majesty King George V, an expression of sympathy to our young king, to Queen Mary and all the royal family, and an expression of our loyalty and devotion to King Edward VIII.

On Friday last the right hon. Prime Minister (Mr. Mackenzie King) seconded by the right hon. leader of the opposition (Mr. Bennett) in very simple and touching addresses, expressed for us the thoughts that were in our hearts, therefore my task on this occasion, in reference to that portion of the speech from the throne, will be limited indeed. May I recall and quote to you, from among the many beautiful expressions that have come from public men throughout the empire, just two lines which seemed to me the most impressive in that address delivered by the British Prime Minister, Mr. Stanley Baldwin, who said:

> King George, it is true, inherited his position on the throne—he won his own way to the hearts of his people.

If one might be permitted, sir, to speculate as to which of his varied activities His late Majesty was most happy to perform, I would suggest it was not when he wore the crown and the ceremonial robes of office but rather when he went in his own simple, human way to the hospitals of the motherland and, with a friendly arm around their shoulders, cheered his wounded men and those who were unfortunate enough to be disabled in the war. I think another duty which he and the gracious queen delighted to perform was when they went to those functions at which little children gathered. There, I believe and feel, he was often most happy in the performance of his public duties. If I might revert to schoolboy days I should like to quote you something that comes to my mind from the fourth reader of those days; I should like to give you four lines which seem to me perhaps better than any we could find to exemplify the two outstanding traits of our late beloved king. They are as follows:

> For whatever men say in their blindness
> And in spite of the fancies of youth
> There is nothing so kingly as kindness
> And nothing so royal as truth.

To our new and beloved King Edward VIII we of this house affirm our loyal allegiance, and in the storm of controversy and the heat of debate throughout this eighteenth parliament I think we cannot do better than always remember those lines, which have been left as an example to us, that there is nothing so kingly as kindness and nothing so royal as truth.

Before I proceed, Mr. Speaker, to discuss the speech, may I extend to you my congratulations upon your election to the office of Speaker of the House of Commons. I feel that I can do this with double sincerity because for some years past I have enjoyed the privilege of your personal friendship. I feel also that your long experience in this house and your knowledge gained from participation in the debates eminently fit you to uphold the traditions which we heard so well expressed last week and to carry out with fairness and impartiality the duties of the high office to which you have been called. I desire to express to you, sir, the hope that for many years to come you may preside over the deliberations of this house and continue, as you have begun, to perform in a fine and noble way the duties that fall to your office.

I understand that it is the privilege of the member performing my task to have a word to say about his own constituency. May I first offer to the right hon. Prime Minister (Mr. Mackenzie King) and to his cabinet, on behalf of my constituents of Parry Sound, their most sincere thanks for the honour you have done them in selecting me to move the address. The Parry Sound district which I have the honour to represent, I need scarcely tell you, is one of the most important districts in the Dominion of Canada. My people are engaged in the basic industries of agriculture, cattle raising, fishing and lumbering, and the district, which as you perhaps all know is some six thousand square miles in area, is situate on Georgian bay, with one hundred miles of waterfront, the beauty and scenic grandeur of which cannot be surpassed. The district is dotted with a myriad of small and sparkling lakes, with four great rivers which empty into Georgian bay. Because of the industries I have mentioned, Mr. Speaker, my district of Parry Sound will be particularly and specially benefited by the cattle and lumber provisions of the treaty which will be submitted to this house shortly and as to which I shall have a word to say later on.

May I say also, Mr. Speaker, that because of its scenic grandeur and its wonderful fishing and hunting my district enjoys a great influx of tourists from both Canada and the United States. Not only are we blessed by the provisions of the new treaty; our blessings in Parry Sound do not come singly.

An hon. MEMBER: Oh, oh.

Mr. SLAGHT: My hon. friend apparently appreciates, as all hon. members may not appreciate, that I have the privilege of claiming as one of my constituents, and I believe even a supporter, the famous Doctor Dafoe, and just a mile outside the little town of Callander, where he lives, the five Dionne babies are nestled in their hospital. So I ask you, sir, if any constituency in our broad dominion could be more appropriately honoured on this occasion than my own constituency of Parry Sound. And lest I should be thought lacking in hospitality I convey to you now, sir, and to all hon. members of this house, an invitation to come to my beautiful riding this summer, to come to Callander and visit us. I desire to single out and render a special invitation to four members of this house in the persons of the right hon. Prime Minister (Mr. Mackenzie King), the right hon. leader of the opposition (Mr. Bennett), the Postmaster General (Mr. Elliott) and the Minister of National Defence (Mr. Mackenzie). I assure these hon. gentlemen that if they will do us the honour of paying us a visit this coming summer I shall be able to introduce them to five of the most charming young ladies in the Dominion of Canada.

It is also with real sincerity that I desire to congratulate the right hon. former Prime Minister, the hon. member for West Calgary (Mr. Bennett) upon his return to this house apparently greatly improved in strength and vigour. Sir, I count the house and the country fortunate that in the years immediately ahead of us we are to have the benefit of his courage, his industry and his wide experience in framing the laws of our country. It has been said that laws are best made when there is a strong and virile opposition. While the opposition in this house may not be numerically as strong as the right hon. gentleman would wish it to be, I am sure that in the able and brilliant veterans who survived the late struggle, and in the new blood which he finds added to his party, any lack in numerical strength will be fully compensated by their capable support.

Permit me also to felicitate the hon. member for Winnipeg North Centre (Mr. Woodsworth) on his return to this house at the head of his party. It is true that he has returned with a progressively diminishing following, but that I feel sure will not affect his indomitable optimism, his sincerity, and his fighting qualities, all of which are so well established.

I desire, Mr. Speaker, to make a reference to His Excellency the Governor General. In the speech from the throne His Excellency declared himself honoured by having been chosen to represent the king in Canada. We in turn feel that for us the choice has been a singularly happy one.

Some hon. MEMBERS: Hear, hear.

Mr. SLAGHT: It is indeed a privilege to be permitted to voice through you, sir, to His Excellency the Governor General in the person of Lord Tweedsmuir, a warm and most sincere welcome from the people of Canada on this auspicious occasion. Even before His Excellency reached our shores we knew we were receiving not a stranger but a friend. His distinguished career in the service of the motherland was known to us. The work he did while attached to the British headquarters in France and the unostentatious but very valuable service he rendered to our empire was a matter within our knowledge. And in another way we felt we knew him. His contributions to the field of literature have been read and reread in Canada, and both before and after his coming to us have been literally devoured in the homes of the Canadian people. These sparkling and vivacious stories of the secret service have charmed us all from youth to mature age. I must confess that when I came upon Greenmantle I sat up until the small hours of the morning bound to finish it. The King's Grace is a work of classic rank, and in the light of subsequent sad events it was given to the empire at a time of startling appropriateness. The sane, clear, inspiring literary works of Lord Tweedsmuir in their effect upon the building of the national character of Canada go far to justify the statement that the pen is mightier than the sword. And wherever he has so far been able to journey, whether it be the historic city of Quebec or my metropolitan city of Toronto or the outskirts of our mining fields of northern Ontario or Quebec, he has endeared himself to all our people. May I say that we look forward to a span of unusually happy years under the regime of His Excellency and his gracious and charming wife, the Lady Tweedsmuir.

I desire to congratulate the right hon. the Prime Minister on becoming Prime Minister of Canada for the third time.

Some hon. MEMBERS: Hear, hear.

Mr. SLAGHT: May I add to that the distinction that our Prime Minister holds office by the mandate of the people of Canada expressed in more overwhelming terms and supported by a greater majority than that accorded to any prime minister since confederation. Not the least of the reasons for congratulation is the high quality and per-

sonal character of those ministers of the crown he has selected to assist him in governing Canada. It may be truly said also that no political leader ever sought office on fewer preelection promises. No overnight policies were issued next morning; the Prime Minister in his campaign adhered steadfastly to the policy of his party. It was no one-man policy but the considered policy of the party enunciated by him as its leader in February, 1933, and adhered to by him throughout the campaign.

With equal truth may it be said that no political leader ever entrusted with office has made such a remarkable record of accomplishment in four short months or less. May we pause for a moment to see what I mean by that. The government has successfully concluded a reciprocal trade agreement with the United States of America, which is to be of far reaching benefit to our basic industries and to Canadian primary producers. The conclusion of this treaty is, I suggest, a personal achievement of our Prime Minister, of which he may be justly proud. I cannot but remind the house that he has brought to pass a measure which was very near the heart of a beloved former leader of my party. Just before entering this chamber I passed before the portrait of Sir Wilfrid Laurier. I bowed my head, and the thought came to my mind that if he had been spared to see this day, and the consummation of a measure which with his clear prophetic vision he declared twenty-five years ago would come to pass, what warmth of emotion would stir him to know that his pupil in public life, his chosen successor as leader, if I may be so bold as to say so, had as a personal achievement brought his cherished dream to reality.

Next, the government has brought to a successful conclusion the trade dispute with Japan; normal trade relations between the two nations have now been restored. This is bound to be of great advantage to all of Canada and perhaps particularly to the great province of British Columbia.

Recently the government convened the most important federal-provincial conference in history, at which questions of profound national importance were considered, including methods of amending our constitution, our financial relations and responsibilities, the great problem of unemployment, problems of agriculture, problems of mining development, and the development of the tourist traffic. Then, again, a very important conference, one not so widely known, has been held in Ottawa. This was a conference of departmental experts convened to consider the possibilities of developing a system of transatlantic airways transportation. The experts of Great Britain, Ireland, Newfoundland and Canada agreed on representations to be made to their respective governments, and a subsequent successful conference was held in Washington. In other words the government has realized the national importance to Canada of this new and wonderful development, and due to the foresight of the right hon. gentleman's government we are taking our place and recognizing Canada as a pivotal point in the air transportation of the world.

Continuing committees have been set up by the federal-provincial conference. Under the guidance of the government many of them have come to well defined conclusions with respect to financial problems and constitutional amendments.

Reference of legislation passed at the last session has been made to the Supreme Court of Canada. Hon. members will recall that several measures as to the validity of which doubts had been openly expressed were placed on the statute books. The supreme court was directed to deal with these measures at the earliest possible moment, and they are now before that court for determination. Surely it should be a principle of law making that at least parliament be assured of the validity of its laws when they are enacted, no matter to what extent legitimate difference of opinion might arise as to the desirability for such laws. The present reference therefore is to remove uncertainty and to make for stability.

Again, a royal commission was promptly appointed and speedily solved a very serious unemployment situation in the textile industry.

All these matters have been actually accomplished in less than four months, and accomplished in addition to the heavy departmental business of the country, which is being carried on by sixteen instead of twenty-one ministers of the crown. Am I not therefore fully justified in pointing with pride to these achievements of the Prime Minister and his cabinet?

But hon. members have not yet heard the whole story. The speech from the throne outlines several important matters to be dealt with at this session by legislation—because they can be dealt with only by legislation. May I refer only briefly to these matters of unemployment and relief? One would expect no difference of opinion concerning the statement in the speech from the throne indicating that unemployment continues to be our most urgent national problem. There can be little room for difference of opinion when I state that heretofore the difficulties which beset this problem have been

greatly magnified by the lack of cohesion and cooperation among federal, provincial and municipal governments. Where responsibility for spending money is divided it is almost an axiom that what is everybody's business seems to be nobody's particular business. In other words, in the past there has been too much scrambling to place the load on the other fellow's shoulders, and too little union of responsibility tending to bring about a strict and businesslike administration of the millions of dollars which unfortunately must be spent each month in Canada on some form of relief. After all, whether funds be supplied by the federal, the provincial or the municipal government, there is only one source from which they may be secured, namely out of the pocket of the taxpayer.

What I am about to say is not said in criticism of the late government or of the right hon. gentleman now leading the opposition, because I believe the provinces, the municipalities and perhaps to some extent the federal government have all been a bit to blame, perhaps innocently enough, for the condition which has heretofore existed. I suggest that if a citizen from Mars had looked down upon Canada's method of dealing with relief and unemployment during the past three years, he would have been reminded of what Lord Chesterfield said to his son: "My son, you will be amazed with how much ignorance the world is governed." The proposals outlined in the speech from the throne with regard to this all important problem seek to remedy the existing lack of cooperation. A representative national commission assisted by a representative advisory committee is to be set up. May I express everybody's hope that with the cooperation of hon. members opposite both the commission and the committee may be truly representative and accomplish great results.

The transfer of camps for single homeless men from the Department of National Defence to the Department of Labour is a reform which is perhaps long overdue. Last year I visited some of those camps, and I believe any hon. member who took the trouble to do so must have come to the conclusion that certain changes were necessary.

Further, we find outlined in the speech from the throne proposed changes to the Bank of Canada Act. Those changes foreshadowed in the speech from the throne are not new to the people of Canada. The Prime Minister, before taking office and as leader of the Liberal party, made it clear that in its present form the Bank of Canada Act was not acceptable to that party. The reasons were fully laid before the people as an issue upon which the major parties were clearly divided during the last campaign. The proposed legislation is in accordance with the platform laid down and insisted upon in order that these two important functions, the control of credit and the issue of currency, shall be administered by a Bank of Canada in which the government as owners has a predominant interest, and over which it has effective control.

The speech proposes an amendment to the Canadian National Railways Act whereby the government of the day may be responsible to this house and there will be a greater measure of control on the part of parliament over this publicly owned work, in which such an enormous amount of public money is invested and the financing of which has become a major problem. This amendment involves a serious question of policy. The question of employment is to some extent wrapped up with the problem of the Canadian National Railways. Under the present method of administration government authority and responsibility to parliament in connection with this great railway have been greatly lessened. The proposal is to restore them to a marked degree. The time at my disposal on this occasion does not permit me to deal further with this important problem.

Then we find a proposal to create parliamentary secretaryships, and this proposal will, I hope, meet with the approval of every hon. member of this house. It is established in the mother of parliaments and I believe is fully approved by British statesmen regardless of party affiliations. It should create the building up in this house of a body of men who because of the experience gained as under secretaries will be better able in the future to carry on the responsible duties attaching to cabinet positions. I fancy that the right hon. leader of the opposition and some of those who sit beside him will agree with me that it will afford a measure of relief to the ministers of the day who can very properly turn over some of the exacting details of their offices to under secretaries, and do so without impairing the efficiency of their work. From every viewpoint I submit to the house that this administrative reform is one that will be found of benefit to Canada.

May I crave the indulgence of the house for the imperfections of my presentation of this important motion. May I add that the government, and we its supporters, enjoying as we do a very large majority, carry with that privilege a very grave responsibility, a responsibility not to abuse the power that we possess, but to see that support is thrown

behind only those measures which are believed to be for the benefit of the whole Canadian people.

In closing may I quote two lines from that much beloved and lately departed English poet, Rudyard Kipling, to whose memory I am sure this house will concur in permitting me to pay tribute. The lines to which I refer are from the poem "If", and perhaps they will serve as an admonition to our government with its vast majority, as well as a comfort to our friends of the opposition with their small minority. They are:

If you can meet with triumph and disaster
And treat those two imposters just the same;

I have pleasure, Mr. Speaker, in moving the resolution which I gave to you in opening, expressing the hope that the measures dealt with in this our eighteenth parliament may be of great benefit to Canada, and that better times may come upon our country, perhaps brought by providence, but by a providence assisting a government of which providence approves. May I conclude by expressing again the hope that in our deliberations and conclusions during this parliament we may bear in mind the fact that there is always a far horizon for onward looking men.

Mr. SARTO FOURNIER (Maisonneuve-Rosemount) (Translation): Mr. Speaker, this parliament has opened in an atmosphere of mourning. In losing George V, we have lost a prince in whom all was kingly. Like Charlemagne, he deeply loved his people and his people deeply loved him. And what of his paternal solicitude for youth? Never shall we forget it. History will assuredly perpetuate the recollection full of love, admiration and gratitude in which we hold him.

Edward VIII succeeds him. He is known to all and all agree that he is a young man in whom high intelligence is combined with a deep knowledge of men and of things. On his head the British crown has lost nothing of its splendour, of its authority in the empire and of its prestige in the world.

I am certain, Mr. Speaker, that I interpret the sentiment of all your colleagues when I warmly congratulate you on your election to the speakership of the House of Commons. The difficult task you have assumed requires your fine qualities of heart and all the resources of your ability and of your great experience. May I beg of you to grant me your good will? I have such great need of it, especially at this moment.

Our acquaintance, becoming daily more intimate, with His Excellency the new representative of His Majesty in Canada, Lord Tweedsmuir, whose life is a continuous ascent, and of his gracious consort, Lady Tweedsmuir, convinces us once more of the great care London takes to send to us men who bring us their services, leave with us something of themselves and return home with our friendship.

When a patient realizes that he has made a mistake in changing his physician, he returns to his former one. After five years in opposition, the Liberal party is back in office. This was to be expected. The recollection of the past, the difficulties of the present, the uncertainty of the future, the increasing popularity of the Liberal leader, together with the excellence of the program which he put forth and which we upheld before the electors, all that explains the fortunate defeat of the other parties and the magnificent triumph of ours, to which my distinguished colleague from Parry Sound (Mr. Slaght) has just referred. There was no misunderstanding. The nation had to make its choice. It pronounced itself decisively and, in handing us the reins of power, it recognized and sanctioned once more the essentially liberal principal of freedom of trade, which has figured for forty years in the first article of the program of the Liberal party and which is founded on the reciprocal need that peoples and individuals have of each other.

Hon. ERNEST LAPOINTE: Hear, hear.

Mr. FOURNIER: Governments whose names are linked with periods of prosperity were composed, as ours is, of men who understood that the interdependence of individuals and classes of society, the international solidarity of peoples, becoming closer and closer according as the obstacles of time and place diminish, make it impossible for prosperity to be a local phenomenon and the exclusive lot of a single nation.

The disregard of this principle has led to the extreme nationalism that has brought us to our present sorry pass: a bitter experience that history will record as one of the greatest humiliations of the human mind. The government, as is proved by the speech from the throne, of which my distinguished colleague from Parry Sound has just proposed the adoption in a remarkable piece of eloquence that has shown him to be a master of the art of expressing his thought, the government, I say, has avoided falling into the error of this eccentric theory of ultra-protectionism and other similar doctrines that may come to us from the opposition and which sanction in their laws the vices that nature prescribes in hers.

Hon. ERNEST LAPOINTE: Hear, hear.

Mr. FOURNIER: If our civilization threatens to become synonymous with depression and misery, it is probably because it has called up more problems than it could solve; and the great error of the government which preceded the present one was to believe itself capable of solving them all at once and in a short time. Time has worked its revenge upon those who would proceed without its aid and, to-day, everything has to be begun all over again.

Among the problems that we are faced with to-day, the most important and most urgent one, to my mind, is the economic problem. The speech from the throne announces the government's determination to facilitate, in an effective manner, the economic recovery of the country in every sphere of activity, while taking into consideration all requirements of a natural, economic, social and political order.

The natural order requires that nations have economic relations with each other; that is why, I believe, they have invented and are constantly improving their methods of production and their means of communication and distribution.

Commerce has ever been the livelihood of peoples, a universal provider of employment, a valuable source of revenue for the state, as well as a serious guarantee of peace and prosperity. This theory is not a dream of things that are to come; it has borne the test of time and has become truer than ever. Prosperous years are always attended by great economic activity.

The treaty of reciprocity which the dominion government has just concluded with the United States the settlement of our difficulties with Japan and the negotiations which the government intends entering upon with other countries are steps that cannot but produce good results and that prove the perfect agreement to be found between what is said and what is done on the Liberal side of the house.

(Text) The government, Mr. Speaker, understands that if we want to keep Canada busy, if we want to realize that most marvellous formula of the Conservatives, "Canada First," the first thing we have to do is to step on business and do business with everyone who wants to do business fairly with us. This is the very condition on which we shall succeed in finding the proper solution of most of our national problems—unemployment, railways, trade and commerce, revenues and taxation, and so forth. And to make it easier and safe, as the speech from the throne indicates, the government is providing for the organization of the national condition on which we shall succeed in finding of Canada a national institution.

(Translation). But it would be truly regrettable, Mr. Speaker, that the government's efforts to insure increasing welfare to the population should redound to the exclusive advantage of a group of individuals who have no need of them. The government is guarding against this danger by warning all shameless exploiters that it will use the power of the state whenever it may become necessary to do so to protect the interests of the weak against the encroachments of the powerful. For its courageous and timely intervention in that regard, it deserves special congratulations.

Why should there be so much misery in the world at this time when the only change in the quantity and quality of goods has been for the better?

It is because too many of those who monopolize production and distribution commit grave abuses which they should hasten to correct, because to-morrow, should the misery that has existed in this country for five years continue, it will be too late; and that to-morrow is perhaps nearer at hand than we think it is.

It is not the government that threatens, it is circumstances that warn—circumstances that could easily be dispelled by the good will of those who create them if they would refrain from abusing the liberties provided for them by the system, if they would moderate their thirst for profit, if they would declare to the state their total income and pay to the treasury all they owe in taxes, in order that others may not have to pay in their stead; if they would be content with moderate profits, if they would pay reasonable salaries to their employees, in a word, if, instead of seeking power and admiration, they tried to make themselves better liked. It would be an honourable sacrifice, and I ask it of them in the name of the youth of my country; for if there is in our society at the present time a class of people who are to be pitied, it is the young people. The past has left them practically nothing but debts and obligations, and their future outlook is not much better. Most of them do not know what to do with their time. They stand before life mistrustful of everything, with nothing to hope for, somewhat as if they found themselves at the brink of a river waiting for it to dry up in order to cross it. We follow a generation that has done great things, but that has made serious mistakes, the most memorable of which is a war, a war, as some one has said, in which "man almost lost his name of man," a war that was more costly

to the victors than to the vanquished, a war that profited only those who lived from it, a war that was to insure peace, but that has sown the seeds of war.

Such things sometimes inspire us with much bitterness. We know that the depression has been hard on everybody, but its after-effects, if we do not exert ourselves to soften their blow, will mean disaster and the triumph of anarchy and of communism. Five years ago, such a thing was possible; to-day it is probable, and the day when it will have become an established fact it will be too late to think of making amends and of consenting to the necessary sacrifices.

The Liberal party has always shown us a great deal of sympathy. The presence in this chamber of a score of young Liberal members and the government's intention to initiate us, in a serious and practical manner, to public administration in our country is further proof of this sympathy which the Liberal party has never withheld from us. It behooves us now seriously to prepare ourselves and to try to deserve it as much as possible.

The other reforms that the government intends to accomplish in the field of social and political economy, that is the establishment of a national and representative commission to supervise the distribution of work to the unemployed and the payments of direct relief, the amendments to the Canadian constitution intended to adapt it more closely to the present needs of the nation, which has grown in the last thirty years, especially when the Liberals were in power, are steps that will largely facilitate the return to the land and to a proper equilibrium. And further, Mr. Speaker, history will record that in 1935, as in 1896 and in 1921, the coming to power of the Liberal party, the true party of restoration, marked the end of a period of misery and the beginning of an era of prosperity, of justice and of peace. Thus, Mr. Speaker, the facts continue to vindicate the ability, the good sense and the spirit of enterprise of our two great leaders, Sir Wilfrid Laurier and the right honourable the present prime minister.

Your patience, Mr. Speaker, has no doubt been tested by such a lengthy speech. Anybody else could have made it shorter and better, but certainly not more sincere.

It is with these sentiments that I have the pleasure and honour of seconding the motion of my distinguished colleague from Parry Sound.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, may I very heartily congratulate the mover (Mr. Slaght) and the seconder (Mr. Fournier) of the address for the speeches with which they have favoured this house this afternoon. The generous references of the mover to the leader of the opposition and the leaders of other parties were in the best form of those who practise at the bar; and the seconder's speech gives evidence of his having inherited a great name in law circles and indicates that he must, if he is given health and strength and opportunity, play a great part in the service of the state.

I could not but be impressed with the mover's speech when he referred to the glories of the community which he represented. I felt perfectly certain that he was contemplating a discontinuance of his service there as a tourist and taking up his permanent residence at Parry Sound, a contemplation which I am sure will be received with great joy by those who call him their member. But he fell into one grievous error, and one into which many members of this house have fallen during recent months. Not content with referring to the very great majority that the government has, a majority that I venture to think will become somewhat troublesome as the months go by, he also referred to the fact that it had behind it a support unprecedented in the history of this country since confederation. Surely he has not read the returns. I wonder if the hon. gentleman realizes that the government that sits opposite me to-day, with 171 members out of a house of 245, has been placed there by less than 35 men and women out of every hundred of the population of Canada who had the right to vote on the fourteenth day of October last. I wonder if he realizes that, according to the figures supplied by the chief electoral officer, 5,917,387 persons had the right to vote in October last.

Mr. BRADETTE: The dead and the duplications.

Mr. BENNETT: There were none. The list was issued on the first day of May, and is the most up to date list this country has had in recent years. In addition to that, of that number, out of every one hundred persons, men and women in Canada who had a right to vote, only thirty-five voted for the government—including the independent Liberals—that sits here with 171 members. That is an anomaly that cannot possibly endure if democracy is to last, for it has been said so frequently that majorities are the indications of a sound democracy; in other words that where the popular will is not represented there can be no sound or enduring democracy. That is a commonplace; it is said in every text book; it is spoken of on every husting; it is

the philosophy of democracy, and yet the fact remains that there are 171 members in this house supporting a government representing only thirty-five out of every one hundred who had a right to vote in October last.

I do not mention that for the purpose of complaint, far from it, but for the purpose of indicating that the observations that were made a few moments ago by the mover of the resolution have no support in fact. It is one of the most precarious conditions confronting this country at this time, when we have grave and serious problems to engage the attention of the people, that the government of the day, entrenched in power in the way it is, not only does not represent a majority of those who did vote but has only a little more than one-third of the support of those in this country who were entitled to vote in October last. That means nothing as far as this opposition is concerned or those who sit to the left of the Speaker; it is not said for that purpose. I do say, sir, however, that it is a matter of profound significance as affecting the welfare of this nation; for there is a tendency to use the power of a majority which has manifested itself already and which was disclosed in this house the other day by the Minister of Justice (Mr. Lapointe): "Well, call up the guards." That is all; "call up the reserves; look at our majority. In a few minutes we are going to do so and so. We have the votes; we are going to do it. Never mind; call up the guards."

Mr. LAPOINTE (Quebec East): The Minister of Justice never said that; those were Conservative words.

Mr. BENNETT: I thought the hon. gentleman would become a little excited. "Never mind; call up the guards." The hon. gentleman is waving his arms unnecessarily.

Mr. LAPOINTE (Quebec East): That is past language.

Mr. BENNETT: Well, it was used as late as Thursday last. I mention this again because there is a tendency on the part of some members, especially the younger members, to think that because there is a vast majority you necessarily have the popular majority behind you. That is not so. Not only is this government without a majority of the popular votes in Canada, which is the negation of democracy; as I said a moment ago it has the support of only slightly more than one-third of the electors of this country who voted on election day.

What is to be done about a matter of that kind? In Australia they had this question to deal with and they dealt with it by compulsory voting. They increased their votes up to ninety-one per cent of the total vote in the first election after they enacted the compulsory voting measure, and they brought it up to ninety-five per cent at the next election. I have not the figures of the total vote cast in the last election, but I mention this because it is not a difficulty singular to Canada; it is a difficulty that has to be met with in new democracies. In the older countries the situation is not so acute; the difficulties are fewer, but in this and in other new democracies such as Australia these difficulties have to be met and overcome.

There is another method to which we will have to have recourse in this country, which has been found most satisfactory in Great Britain; that is the limiting of the cost of an election in each constituency. That will have to be provided for by some method such as that adopted in Great Britain to attain that end. When you look at the returns and see the avowed cost of an election—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: I say the avowed cost; the smiles and laughter of hon. gentlemen opposite indicate that they know perfectly well that their returns do not show what their elections cost. In England the judges have been very careful, in administering the law, to insist that the slightest deviation from the rules laid down shall constitute an offence vacating the seat. There was one case in particular, shortly after the law came into effect, that had the result of vacating the seat. The admitted expenditures were a little too large, but they were able to show much larger expenditures in the end. As a result conditions are much improved as compared with those prevailing before this act was passed.

I mention these things on the threshold of my observations because I hope they are not wholly controversial. After all, when one has had experience one realizes that there are some questions that far transcend mere party considerations. I say to this chamber to-day that the result of the election, not viewed from the standpoint of party but viewed from the standpoint of its effect upon democracy, having regard to the number of votes cast, the number of those who had the right to vote and the cost of the election even as indicated by the returns, presents a situation that calls for a remedy. The two remedies I have indicated are those applied in Australia and Great Britain to improve the conditions that there existed. In England they had far worse conditions, before they remedied them, than we have had in this country. Sometimes we compare conditions in England to-day with conditions in Canada to-day. If we are to com-

pare we must compare democracy at the age it was in England with the age it is in Canada, in order to arrive at a fair judgment, and I think it may be said that democracy in Canada has given a fair account of itself under the conditions that existed. But it is reasonably clear that there are improvements that should be made, and I merely suggest these two. In France they are severely logical; I remember on the last occasion I was there inquiring with great care as to how they carried on their elections. Strange as it may sound, sir, the truth is that in France no chamber of deputies is ultimately elected that has not been so elected by the majority of the electors. They have their vote; if there are three or four candidates and one candidate does not secure a majority there is a second polling, after those who are low drop out. If at the end of the second polling the majority has not selected a candidate there is still another polling. So in every case in France the member elected to the chamber of deputies is a member who represents the majority of the electors of that division, though it may be necessary to have several pollings before that end is attained.

I merely mention this in passing because of the observations made by the hon. member for Parry Sound (Mr. Slaght) with respect to the support the government received throughout the country at the last election.

I desire now to point to what I conceive to be a somewhat more painful matter. We have endeavoured, with doubtful success, to do something in this country to attain a measure of unity. We have not always succeeded. There have been times when the representation from one great province was wholly for one party. In this very parliament there are provinces represented by members of only one party and none others. What I deprecate is the appeals that were made in the province of Quebec in connection with the war. "Canada to enter war." There is the sheet that on Saturday was circulated throughout that province. I should say further that I have before me the handbill that was circulated in the constituency of Argenteuil. This statement that Canada was to enter a war is supplemented by a dispatch not unlike the dispatch that appeared in 1930 with respect to the war in Egypt. "Canada can mobilize a powerful and fully experienced army within twenty-four hours," stated this official. This is from Ottawa, dated October 11, special:

> Canada will probably be drawn into the European war if Great Britain is forced in, and irrespective of what politicians, statesmen and economists say, the dominion will not be able to help herself.

[Mr. Bennett.]

Then follows a statement as to Canada's preparation for the war. It is quite at variance with what has recently been said. This is an indication that Canada is already prepared in other provinces to send its troops into the field.

Mr. MACKENZIE (Vancouver): What paper?

Mr. BENNETT: This is called the Montreal Reporter, and is dated October 12, 1935. That is only one; I have others. This handbill for instance was circulated in a little community in the county of Argenteuil. I have many others circulated in other parts of Quebec.

But there is something more to which I regret I have to direct attention; I refer to observations made by the present Minister of Justice (Mr. Lapointe) in that campaign. Some few years ago, when the government of that day came into office, the leader of the opposition spent much time reading into the record many statements and extracts from my speeches. To-day I shall content myself by referring to one made by the Minister of Justice at a meeting at St. Roch market on September 7:

> Before 1930 the province had in Ottawa a unanimous representation. We did not disgrace the French Canadians. We had influence in the cabinet; I do not wish this influence to diminish. I want to be with Mr. King and I want the whole province to be behind me. I ask you to give me this support.

Further, when visiting his committee room on September 16, he is reported to have said:

> That's why I ask again our friends to unite, to put aside their petty quarrels, to assure us of a majority like the one we had in the parliament from 1921 to 1930. There is no question, it is we from the province of Quebec who led in the parliament during that period. It has not been the same thing since 1930.

That form of insularity does not make for national unity. And when the hon. gentleman refers to the united front of Quebec prior to 1930, and then says their voice was not as powerful because twenty-four voted for candidates of the then government in 1930, and appeals to them to strengthen their influence and their power by uniting and forgetting petty things—when they are not petty—I think it is doing an injury to the commonwealth. I leave it at that. But before I proceed to the next point let me say that what was so with respect to Quebec in this particular was so in other parts of Canada as well. The effort was made wherever it was thought it would be effective to have men and women, women mostly, believe that the Conservative party had wedded itself to war at the earliest possible moment. Mr. Speaker,

that may have temporary success. It may. But there are not lacking to-day signs that the effect of those very appeals has been to lessen the strength of the bonds of confederation and to weaken the position of this dominion as part of the empire.

Once the party came into office, when the Prime Minister was called upon to form a government, we had evidence of the success of the appeal made by the hon. gentleman who is now Minister of Justice. When the government was first formed the hon. gentleman who is now Minister of Public Works (Mr. Cardin) was not allocated to the position he at present holds. He was to be sworn in as Secretary of State. But the little corporal from Sorel was not thus to be denied. The support the party had received from the province enabled the little corporal to train his guns upon the Prime Minister, and in the words often quoted by Abraham Lincoln, "the coon came down." For we find that the little corporal had been able successfully to maintain his position. The little corporal from Sorel had become the emperor of the day. Quick advancement! But what was yesterday was yesterday, to-day is to-day. He was quite right. So you have the result that followed from the appeal thus made. Then of course there were other difficulties to overcome. The minutes passed into hours before finally my friend the hon. member for Richelieu-Vercheres (Mr. Cardin) became Minister of Public Works. In that position I am sure he will, in the words of the Minister of Justice, cast no reflection upon the people he represents and will discharge his great duties with fairness and with a sense of obligation that comes to one who is from a province that took the lead from 1930 and is now able to enforce its will upon the Prime Minister.

Then, of course, there are other striking changes. For instance we welcome the face of my genial friend the Minister of Finance (Mr. Dunning). Of course, the general elections did not bring him into the house; he had retired from politics. He has assumed another role. But think of the value of his experience to us now. He returns to the Department of Finance, and that genial smile comes only from the fact that for years he was manager of a very well known hostel of the Canadian Pacific Railway Company, which means of course "service," therefore a smile for all the guests. And then he has learned what many men have yet to learn, what my hon. friends from the west, one of them no longer here, have told us; as a director of a bank he would be able to tell you how every loan creates a deposit. That would meet with the warm approval of those hon. gentlemen, some of them at least. Of course there would be no difficulty at all in explaining the condition of the investments of insurance companies, because in the position of director of an insurance company he had great opportunities to that end. Then there was another matter which was somewhat interesting; he was the chairman of a reconstruction committee—no relation of course to the party of that name. As chairman he perhaps may be able now to enlighten us on what became of Laurentide. There are a lot of investors in England who would like to know.

Mr. DUNNING: It might embarrass you if I did.

Mr. BENNETT: No, it would not embarrass me, thank fortune. What became of Laurentide would be an interesting study, because these were purely provincial companies over which the dominion had no control.

Mr. FACTOR: He found the national debt increased by almost a billion dollars.

Mr. BENNETT: Hon. gentlemen have a tendency to speak just low enough to be heard by me, but not by others. If their courage is as great as it should be, if they desire to ask a question, let them stand up and ask it, and I shall endeavour to answer at once.

The administration having thus safely been launched and the hon. member for Churchill (Mr. Crerar) having once more found himself, not Minister of Railways as heretofore but in the possession of a combined department, he will I am sure be able to explain to the satisfaction of the house the operations of the grain exchange, his best beloved child, and how they are able now to sell on that exchange wheat that is supposed to be maturing in October next but which has not yet been sown. Perhaps he will be able to explain that to the satisfaction of the people of this country, but there is some doubt even as to that. I will deal with that presently.

Having thus established his government we are told by the mover that the Prime Minister at once began to show such action that in three or four months he did more than had ever been done in this country before. In so doing he made new trade agreements; he broadened human liberty, extended freedom to the downcast and depressed throughout the world, and gave to the name of Canada a place amongst the nations of the world that had never been dreamed of before. Well, it was a great achievement—a great achievement, as the hon. member for Parry Sound has said. Let us examine it for just a moment. The press indicated—and the

press is always well informed as to the movements of the right hon. gentleman—that he was to leave for Georgia for his health, but that he would stay for a day at Washington. In twenty-four hours a trade agreement is made with the United States, and upon returning to Canada, after a session with the cabinet lasting a couple of hours on Armistice morning, all is over. Let me say, Mr. Speaker, that it is no wonder men smile. Either one of two things had been done; either the agreement in its essential terms and details had been done before, or it is an improvident one —one or the other. No man, however great he may be, can in twenty-four hours, forty-eight hours or seventy-two hours complete a trade agreement with the United States. And if he does—or did—it would have only one result, that he has been properly trimmed. I think the latter alternative will be the one which history will show fits the case.

Then there is the settlement with Japan. I am going to say only a few words in that connection, and they are these: We have not the papers before us, and therefore I shall reserve any lengthy observations until later, but if press reports are accurate, two years from now whoever lives that long will see the most humiliated government, if this government still survives, that there has ever been in this country. I say that with respect to the agreement. That is all. I have made a prophecy, an ordinary prophecy,—and you may mark it down.

These observations are merely of a preliminary nature before proceeding to deal with the speech from the throne as a whole. The document is wonderful, in one sense: it is going to restore responsible government for which our grandfathers died. It will bring to the people of Canada a freedom which they have never possessed, and parliament is once more to emerge in all its past power and greatness. Could anything, Mr. Speaker, be sillier than that? No wonder that intelligent men who have read that paragraph in the speech from the throne are asking themselves why any prime minister could ask a representative of the crown to make a statement of that kind. Does any one for a single moment say that at any time there has been enacted in Canada by order in council any legislation which had not been warranted by parliamentary action?

An hon. MEMBER: Yes, the loan to the Canadian Pacific Railway Company.

Mr. BENNETT: Does any one say that this parliament—the Senate, the House of Commons and the Crown—have not agreed in enacting laws to enable any executive action which was taken by the late government? If so, name it. What was it? Wherein has the executive ever acted, except it had parliamentary power and authority given it to warrant the action taken? Name it. Here is the sentence:

> It is proposed to restore to parliament its control over taxation and expenditure by ending all measures which have deprived members of the House of Commons of this control, and which have served to invest the executive with unwarranted arbitrary powers.

Is that fair? It is proposed "to restore to parliament" its power—when, sir, since October this very government has been carrying on by executive action, sanctions, extensions of power, great extensions and alterations in our fiscal system, as declared by the Prime Minister himself. All these things have been done by executive action. Why? Because it is said there was parliamentary sanction for the action taken; because it was stated parliament had given power to the executive to do it. I ask again: Name a single instance in which the late executive passed any order which parliament had not given it power to pass.

I have no doubt that at the moment there may pass in the mind of the Minister of National Revenue (Mr. Ilsley) the thought that the court has held as invalid an order in council in connection with dumping duties imposed upon certain importations from England. The court did hold that that was improper, and I am glad to say that the minister has taken an appeal. Why? Because once parliament confers upon an executive the right to pass an order in council upon any subject, and that order in council is passed, then the action thus taken is in many instances changeable or alterable only by parliament itself.

Mr. ILSLEY: The appeal is not on that ground at all.

Mr. BENNETT: Well, it should be. At any rate that is one of the points upon which the appeal should be made. For instance we will say that a minister issues a proclamation stating that a certain act shall go into force on proclamation by order in council, that the order in council is passed and the statute comes into being: do you mean to say that by cancelling the order in council the statute ceases to be and is repealed? No one would suggest for a moment that that is so. And so when action is taken which imposes a given duty or price upon a certain commodity, under authority granted by parliament, the mere repeal of the statute cannot affect that item which has become an item in the tariff or one to be dealt

with as I have indicated. I mention that in passing, because to most people it seems rather strange, but it is in keeping with the statement made by the right hon. gentleman on the night of the election. I do not think I shall do it, but I shall ask some hon. member sitting behind me to read the statement made by the right hon. gentleman upon his assumption of office. When that is read I think it will be regarded at least as an ungenerous document. However, leaving that for the moment I suggest this can be said about it, that he there indicates the matters concerning which he has had a mandate to deal and with which he must deal in accordance with the mandate he has received. Before the debate is concluded at least I shall ask to have that read and placed upon Hansard, so that it may be recorded as an indication of what the leader of the government regarded as his mandate, and the matters of importance which would engage the attention of this parliament.

At this time I think it is not necessary to make further reference to the death of His late Majesty King George V. That was done only a few days ago by the right hon. gentleman and myself, and it would seem unnecessary to make any further reference than that in the speech from the throne we might expect to find, and do find, reference to the universal sorrow of Canadians and people in all parts of the world at the death of the late king, and a further reference to the sorrow we have for the surviving queen. With that would go our earnest hope that His Majesty King Edward VIII may be long spared to reign over a free democracy, and to carry forward the great reforms which during the last twenty-five or thirty years have been made in every part of the British empire. I make only brief reference to this matter, and do not go into it in detail this afternoon because I believe anything which might appropriately be said has been said.

There is one point however I should like to make, and it is this: Nothing has more clearly indicated that our imperial existence—and I use that word deliberately—as a commonwealth of nations freely associated together is bound up with the monarch. Without the monarch there could be no common union of commonwealths such as we have in the British empire. The freedom and ease with which the change was effected is a striking tribute to the simplicity and strength of our institutions. Nothing I believe better indicates the strength of our great institutions and, if you like, our monarchical democracy, than the change which took place—the king is dead; long live the king. There was continuity and certainty, no fuss and no trouble. Everything went on regularly in every part of the world and in each of the hemispheres as though it had merely been something of a domestic nature, such as the vacating of office by a mayor. It was a wonderful tribute to the strength, the simplicity, the power and the continuity of our institutions as we now have them.

I will reserve what I have to say with respect to the League of Nations until the end of my remarks, but this I think should be said: It is very much to be deprecated, as the right hon. gentleman said the other day, that chance remarks should be made at this particular time by those who hold important places without due appreciation of their seriousness. When passing through the Panama canal I received the first news of conditions in Canada from a paper printed half in Spanish and half in English. I read of the rejoicing in Italy because of the statement made by the Minister of Justice. I wondered what it all meant. I confess that I would rather have read that there was rejoicing in Australia and Great Britain and New Zealand over those remarks than in Italy. I wondered why it was necessary to make the observations that were made. I made inquiries as soon as possible and I found that, as usual, the subcommittee of the League of Nations, eighteen in number, were discussing the question of sanctions, and the Canadian representative, than whom I have known no one in all my existence who was more careful not to take action without having authority to do so, had suggested, not for publication, that if Canada had to lose nickel, copper and various other things of this sort, why not put oil and steel and the like on the prohibited list? It at once became bruited abroad and the ungenerous suggestion was made that our representative in Geneva was acting at the instance of some of the representatives of the British government, that he was being urged to do something that the British government would not do but thought he would be a useful person to do. That sort of thing leaves a very bad impression in the minds of people abroad as to what really is the position of Canada. Twice on that steamship representative men who happened to be passengers asked what it meant that they had read in the press. Two days later at sea a radio despatch was received indicating what the Prime Minister had said, and there I think he must be doing himself an injury too that he did not object to what was done, but did object to Canada being regarded as having taken the initiative with respect to this matter.

Now, sir, let us examine our position. The Dominion of Canada is a member of the League of the Nations and was a member when the league came into being. It was one of the charter members of the club. The rules of the league provide that if one of its members is found to have been guilty of an act of aggression against another member, certain results follow. Some call these results punishments, some call them sanctions, some call them penalties, but the fact is that the league with practically no dissenting voice decided that Italy had been an unwarranted aggressor against Ethiopia, also a member of the league. I say practically unanimously decided, as there were two or three members who did not so decide because of reasons which they then gave. That being so, it was not for the league to impose the punishment because the punishment followed. Sanctions followed just as when a jury brings in a verdict of murder against an accused it is the duty of the judge to sentence him to the only penalty the law provides, just as when a verdict of guilty is brought in for assault or shooting or any other offence. Upon a verdict being recorded the duty of the judge is to award punishment. What that punishment shall be is defined by the criminal code of Canada. In this case the provisions of the league provided what the sanctions might be, not necessarily should be. A committee was set up which determined what the sanctions would be and we as members were bound to take appropriate action. It was not a case of whether or not we wanted to, we either had to be welshers or nobly keep our word. We had either to repudiate or to sustain our position, we had no option.

We have been going about this country, from the Atlantic to the Pacific, talking about the glories of the League of Nations. We have been appropriating moneys in this parliament and contributions have been made for the purpose of maintaining the League of Nations. In every part of Canada little organizations have grown up. Any man who understands anything about it realizes that being a member of the League of Nations is just the same as belonging to a club. A member is bound by the by-laws. If I do not like the club's by-law that provides for my being posted if I do not pay my bills, it is my duty to resign and leave that club. There is no sounder law than that laid down by Lord Elgin, that you cannot reprobate and approbate at the same time. We cannot talk about the glories of the League of Nations and our position in it, how great we are, the part we play in it; we cannot go there from year to year and take part in its deliberations, and yet when a crisis arises where one member is an aggressor against another, where one member has gone to war against another and has bombarded his towns and cities, fail to take the action which we ourselves have agreed we would take in that eventuality.

Why are we endeavouring to belittle our own position? Why are we not saying frankly to all the world, "Yes, we are members of the League of Nations and as members of it we have asked the Canadian people, in and out of season, during successive governments, to stand behind us." What results follow from finding Italy guilty? The results are written in the covenant itself; they are economic results. There are provisions for other results. It is true, as the Minister of Justice has pointed out, that Canadians should not be called upon from time to time to take up arms for the purpose of maintaining the territorial integrity of other members of the league. But we remained in the league, that is the answer. We remained in the league and having done so we must support the league or be regarded throughout this world as repudiators. That is the position; we have no option.

I regret more than I can say that the Minister of Justice saw fit to make the observations he did. They were made in a moment of crisis, at a moment of great difficulty, at a moment when we should have stood with every other member of the league. It weakened our position to give succour and support, not physical but moral, to Italy and she was not slow to represent our attitude to all the world. I wonder if the hon. gentleman has seen the editorial that appeared in one of the leading journals of the city of Rome, a journal supposed to speak with great authority for the government of the day. In that journal it was pointed out in terms clear and certain that all Canada was doing was repudiating Mr. Riddell, that he had overstepped the bounds of his authority and was being used merely as a tool by the British authorities for the purpose of doing something which they did not care to do. Obviously that is the wrong impression to have abroad, and that more than anything else is an illustration of just what the right hon. gentleman said the other day, and with which I agreed, as to the impropriety of statements such as that being made by one of his ministers in his absence. Not only the great impropriety of it, but the great injury it did to this country in the minds of people who had seen us as a young and vigorous power on the American continent, a member of the League of Nations which came into being with the idea of the United States being a member but which is now bereft of

the membership of the United States, of Germany and of Japan. We occupy, therefore, a position of singular difficulty on the northern half of this continent, and that position has been made much more difficult by the fact that the Acting Prime Minister, in the absence of the Prime Minister, made a statement which Italians have taken as giving them succour and support—succour and support, not physical but moral, enhancing their spirit and morale at the expense of blame being attributed to British statesmen, when they had nothing more to do with it than children on the street. I made some inquiries. I spoke to Mr. Ferguson, who headed our delegation at the time, and what I have recited to this house as to the circumstances, I believe correctly represented the facts. I want to say this about Mr. Riddell. All the time I was in office he was at Geneva. He was, so far as I know, appointed, not by the late government but by my right hon. friend opposite. I think that is correct.

Mr. MACKENZIE KING: By the Union government.

Mr. BENNETT: Well, he was retained in office by my right hon. friend. I was not sure whether he had been appointed by the right hon. gentleman, but I thank him for the correction. At any rate, Mr. Riddell was retained in office by the right hon gentleman, as he was retained in office by the next administration; and the records will show that, with regard to every matter that came up, Mr. Riddell was so extremely careful about his vote that he wired for instructions to the Department of External Affairs, at times, I thought, in respect of matters which really did not necessitate such action.

Now, in this instance I believe I have correctly stated what really took place; and the fact that Mr. Riddell, in that committee, said, "Why not oil and steel?" should not have put Canada, through the humiliation caused by the statement made by the Minister of Justice, and in the position with the world, that we were really apologizing for what had been done and repudiating Mr. Riddell and his action with respect to this matter, the government of the day stating that he had acted wholly without auhority. I think that was calculated at that moment to have other than a beneficial effect upon the strength of our position at Geneva.

I shall not do more than say that I agree with what the right hon. gentleman has seen fit to say, in the speech from the throne, as to the seriousness of the unemployment problem. The number has decreased from a maximum of nearly 800,000 to possibly 400,000. Seasonal unemployment, of course, increases the number of the unemployed. The number was at one time 783,000; it fell to less than 400,000, and at the moment it is considerably larger than that by reason of winter conditions. But what is this commission going to do? I have read and re-read that paragraph in the speech from the throne and I am wondering just what this commission is going to do. At the last session of parliament we passed a statute providing for social insurance, and before we left office we appointed as chairman of that commission Colonel Harrington, who had a large experience in these matters—that is to say, in the principles involved in such matters —while Mr. Tom Moore, who was also appointed, had perhaps a wider experience of unemployment conditions in Canada than any other man in the country. These gentlemen we asked to take a census and they were organizing for the purpose of doing so. Well, all I can say is that the government of my right hon. friend saw fit to prevent this being done.

I repeat: what is the proposed commission going to do? What is the commission's power? Is it to be a commission that will have control, or is it merely to act in an advisory capacity?

The speech from the throne declares:

> As a means of dealing with present emergency conditions, you will be asked, with the approval of the governments of all the provinces of Canada, to make provision for the establishment of a representative national commission, which will co-operate with the provinces and municipalities in an endeavour to provide work for the unemployed, and the supervision of unemployment relief.

Can they lessen the amount paid? Have they power and authority to determine how many shall be on relief? Have they power to appoint officers and to say who shall or shall not receive relief? Shall they have power to go into municipalities and provinces and do that? I do not know; but this I do know, that the provinces in days gone by distinctly and positively said that they would not agree to any such action; that so long as their provincial organizations existed, just so long did they themselves propose to determine these issues. And I repeat that unless a commission has power to deal with facts and not merely to give advice, to deal with realities by doing something instead of by suggesting something, that commission will not accomplish anything. It cannot, in the very nature of things.

How did we meet that matter? We met it by asking the provinces to appoint commissions, and in some instances they did so.

In a number of instances these commissions functioned successfully with the aid of the provincial governments. What will be done now? I should like the right hon. gentleman to explain whether this commission, when it comes into being, can determine as a matter of decision just what amount is to be paid for relief purposes to Halifax, for instance, or London, or Winnipeg, or Calgary. Is it going to determine the standard of relief? Will it see that there is uniformity in that standard? Will it determine how much milk will be given per head? Are these matters to be determined by the decision and under the authority and direction of the commission, or will they be left in the hands of provincial and municipal authorities, the commission simply giving advice? This paragraph does not make that clear. The house has a right to know; and if all the provinces have agreed, there is one province which in days past, represented by the government of the Minister of Agriculture (Mr. Gardiner), and sometimes by himself, certainly did not take that view. That is all I have to say in that regard.

With respect to the camps, I read the other day a report made by a committee appointed by the Minister of Labour (Mr. Rogers) to report upon them. I wonder whether he does not realize that the report they submitted was the expression of the very purpose for which the camps came into being. Why did they come into being? For some permanent purpose? No. Did they come into being to provide homes? No. They came into being for the purpose of providing places where men might find food, clothing and shelter until they could obtain employment; and, what is more, up to the time we left office the average period of time during which men stayed in these camps was ninety-five days. They passed through the camps until they got employment, and the greatest number in the camps has been only between 20,000 and 25,000. In the summer the number dropped to between 12,000 and 13,000, and when I last spoke in this house it was, I believe, 12,800 or 13,000. The very purpose is that which these gentlemen explain in their report as being, in their opinion, desirable; the only difference being, apparently, that they propose to make some payment to the men for the work they did, which it is true was not obligatory; in the sense in which that term can properly be used it was merely for the purpose of furnishing them with some exercise to enable them to live healthy and decent lives. One of the gentlemen on that committee was connected with Frontier college, which did a great deal of work in connection with the education of men in these camps. I have already explained, from another place in this house, what was done with respect to giving them religious services, in both the Catholic and non-Catholic faiths; I have pointed out that chaplains had been appointed and that an effort had been made to look after their morals and health and happiness. Magazines were collected to give them reading matter, and the camps, those at least which I visited, were decent and well conducted. But they were not permanent; they were intended merely to help the provinces, to relieve them of difficulties in relation to these younger men seeking employment. I shall speak of this later. At any rate, because of influences that got abroad in the camps, their value became less and less, as everyone knows; and these influences were such as to induce men to leave their work. I had evidence of men having left their work and I took the trouble to ascertain the circumstances under which they had left. They had been misled by agitators into believing they should make this concerted move against these camps. The hon. gentleman knows that since he came into office there have been evidences of the same thing. In the camps there have been strikes that have to be quietened, and the method by which they have to be quietened we can deal with when we get to the estimates; it is not well that we should refer to it now. In any event it is clear that these camps to which references have been made were camps that came into being for one purpose and one only, to provide temporary shelter and food and clothing to young men who were not able to take care of themselves and whom the provinces said they could not take care of, and the average period of time that they remained in the camps, at least until the end of the last administration, was something less than 100 days; ninety-five, I think, was the exact number, to be correct about it.

The next point made is the royal commission that the mover of the address said had already settled some textile difficulties in Sherbrooke. I think perhaps he read his brief rather hurriedly and overlooked the fact that it is not indicated that the difficulty has been settled but that it is to be settled. I wonder whether the Minister of Justice has given any attention to the legal side of the matter. I wonder whether he realizes that the set-up of a commission under the Dominion Inquiries Act to inquire into one industry in one province is beyond our powers. I wonder whether he has looked at a case in the privy council that came up

from Australia. I wonder whether he has read the judgment of the court of appeal of Manitoba in connection with the grain inquiry, in which matter I was greatly interested, because I was then occupying the position which he now does. An injunction was obtained in Manitoba against the commission proceeding with their work. Mr. Newcombe, then Deputy Minister of Justice, went to Winnipeg and argued the case with great care; and the court decided the case after reviewing all the authorities, including authorities in their own court and one in British Columbia, and a privy council case in which Lord Haldane delivered the judgment, in connection with a sugar plantation, as to the right of the federal power to issue a royal commission to deal with purely state matters, and pointed out the difference between our constitution and that of other federal unions. I had not been following the case in the press at all, but when I read this in the speech from the throne I looked into it with some degree of care. There are two or three points in that paragraph which should not be overlooked:

> A royal commission has been appointed to inquire into conditions in the textile industry, as the result of the closing down on January 18 of one of the textile plants in the city of Sherbrooke, thereby occasioning, in mid-winter, and at a time of unemployment, great hardship to hundreds of employees and their families. My ministers are of the opinion that industries should recognize an obligation to cooperate in every manner possible in continuing and providing employment, and that labour and consumers have a right to have their voice heard, and influence felt, in the control of industrial policy. Where these ends cannot be effected through voluntary cooperation of all parties to industry, my ministers are of the opinion that there are the strongest of reasons for state intervention.

And so at last we have reached it—the point where the party opposite takes this attitude, the party which, sitting on this side of the house, in season and out of season condemned state intervention, condemned interference with anything that had to do with business. "Leave business alone," was the cry. That was the point: "Leave it alone." I know my hon. friend the Minister of National Defence (Mr. Mackenzie) smiles when he recalls how those vivid sentences of his found echo against the wall: "Leave business alone; give business a chance;" all those cries that went on from day to day. And now we are told that not only must there be influence felt in the control of industry, but where you cannot effect it through voluntary co-operation you are going to have the strongest reason for state intervention. I will give hon. gentlemen something to "state intervene" about. Why limit it to the textile industry at Sherbrooke?

Mr. MACKENZIE (Vancouver): It is not necessary.

Mr. BENNETT: It says here "the textile industry." I will give him something else for state intervention. I suppose one of the most powerful contributors to the Liberal cause and the success of the Liberal party was Mr. Burton of the Simpson company, during the last election and the preceding one. All I can say is that during the two months of January and February the employees of that organization are to lose six days without pay, in order that the profits may be satisfactory. Six days in the two months of January and February each employee is to lose pay, which the $12.50 a week people find a little difficult. I suggest to the Minister of Labour that he extend the commission to cover that. Let us see what this means:

> Where these ends cannot be effected through voluntary cooperation of all parties to industry, my ministers are of the opinion that there are the strongest of reasons for state intervention.

Was this government consulted about that? Did they know it? Did the Minister of Labour know of it? He should. Does he know that these employees dare not complain because their places would be filled by others? Does he know that last summer this very same firm took advertising away from one newspaper because it dared to publish the truth as it came out before one of these commissions that have been sitting here? I suppose now these facts will not be known through the newspapers. That is the reason I am stating them here; they will be on Hansard at least. I suggest to the right hon. gentleman, a former Minister of Labour, with all his love of humanity, that he at once begin to care for those who are losing six days. They are no longer to find employment, but their work is to be done by their fellow labourers, that much extra. Six days in two months is to be lost. Not much, I suppose, at $12.50 a week; it is a good deal less than at $75,000 a year, but there is the principle. Let the commission be extended to cover that. Let it cover that if it is legal at all, and let the Minister of Labour inquire into it. Let him get busy on the telegraph and telephone wires and find out about it.

Further investigation with respect to the monopoly in coal meets, I think, commendation from everybody in this country, but how it is going to be done in Canada any more than it has been, I do not know.

Mr. DUFF: Take the duty off; that would be one way.

Mr. BENNETT: That is another way altogether. I quite agree with what the hon. gentleman has said that that might or might not, I do not know. I cannot say as to that. But this I do say: As far as the Dominion of Canada is concerned, there has been the fullest possible investigation in this country with respect to the anthracite coal industry. As a result papers were sent to the attorney general of Quebec; a prosecution was carried on; convictions were secured; appeals were taken to the privy council, which of course were disallowed and the convictions sustained. Now I do not know whether or not it is suggested that in those criminal trials something was left out that should have come to light; I am in no position to know, but I think there will be no difference of opinion on the part of anyone in this house as to the desirability of any action being taken that will safeguard the interests of consumers with respect to these matters.

The next question raised in the speech from the throne has to do with the references to the Supreme Court of Canada as to the validity of a number of statutes that were enacted at the last session of parliament. Well, Mr. Speaker, I find it a little difficult to understand just why, suddenly, all these cases are referred to the Supreme Court of Canada. Was the Lemieux act referred to the Supreme Court of Canada, or was it on our statute books for ten, fifteen or twenty years? Was there a lawyer of repute who did not believe it was ultra vires of this parliament? Yet it was acted upon until a case was heard, and then it was decided alike in Canada and Great Britain that the act was unconstitutional. Why should these statutes have been thus referred? Let us see. In the United States they have a rule that you cannot refer a theory to the court; it must be an actual case under the act. In all their statutes that were declared unconstitutional there was no reference to the judges of the Supreme Court of the United States. The cases originated by the proper action of somebody alleging a grievance; they were heard by judges in the first instance; the evidence was produced and ultimately the Supreme Court of the United States passed upon their validity. In this country we have a statute that permits a reference to the Supreme Court of Canada. In most of the provinces they have statutes that permit references to the provincial supreme courts of doubtful questions in order that the executive may be advised. But long years ago some of the provinces maintained that it was unconstitutional to do this; that no such reference should be made of hypothetical cases. Lord Loreburn, speaking for the judicial committee of that day, decided that the point was not well taken, and he used these words:

> —but the answers are only advisory and will have no more effect than the opinions of the law officers.

He made it quite clear during the course of the argument, as well as in the judgment, that the court would not feel bound entirely by mere advice given in hypothetical cases that perchance might be modified by reason of the facts of a particular instance that might be brought before them for consideration.

Now what have we? Just let us look at the spectacle we have. Last year, standing here on this side of the Speaker, the present Minister of Justice (Mr. Lapointe) denounced these statutes as being unconstitutional. The privy council have said that is just as legal as the opinion of the court in a hypothetical case. He comes into office and he takes the very statutes that he said were illegal and sends them down to the Supreme Court of Canada, asking that court to say whether they are legal or illegal after he has said they are illegal. That is the position. I am bound to say that the argument of the cases was not left to the hon. gentleman himself; that they were argued with great care, great ability and great thoroughness by representatives of the federal power supporting the statutes. In other words we have this anomaly; on his reputation as a lawyer the Minister of Justice denounced the validity of these statutes; speaking as a lawyer he said, "These are invalid and unconstitutional." Now, as a minister, he employs counsel to go down to the Supreme Court of Canada and say they are legal in every particular.

Mr. LAPOINTE: I have so much admiration and respect for the legal acumen of my right hon. friend that I wanted the court to decide the question.

Mr. BENNETT: There is an old saying, "Beware of the Greeks when they come bearing gifts," and when the hon. gentleman gives that as his reason I think he is pretty hard put to it for reasons. Here is the position: Will the decision of the Supreme Court of Canada end the matter? Will there be an appeal to the privy council? Hon. members will remember that representatives of at least two of the provinces appeared and said, "We want only to preserve our right to appeal." They did not argue; they reserved their right to appeal. That is what they said.

I do not know to what extent that meant that they had antecedently determined that the statutes were valid qua this court and that they were going to take an appeal in any event, but I do say that we have a very anomalous situation and one that has never arisen in this country before.

The Lemieux act, which is a striking illustration, was discussed in this parliament by eminent lawyers. Its constitutionality was always in doubt, but it never reached any reference to the Supreme Court of Canada or, in fact, to any court until a case came up in which the defendant pleaded the unconstitutionality of the statute. The judge of first instance, the late Mr. Justice Orde, decided that it was invalid, and the privy council ultimately upheld that view. Would that not have been a much nicer way to proceed? There would have been no difficulty in having a case brought up; there were those ready and willing to bring up a case. There were employers ready and willing to test the constitutionality of these statutes. It would have been a very simple thing to do, and then you would have had the facts developed, facts of which the judges may not take judicial notice. One of our great difficulties, as lawyers well realize, is that courts cannot take judicial notice of everything. There is a limited number of matters about which courts may take judicial notice, and the fact is that a court, having no knowledge of particular facts in a case, is unable to guess as to what the facts may be. Therefore the courts object strenuously to giving judgment in hypothetical cases. Shortly put, the case before the court is: is this statute constitutional in whole or in part? There might be illuminating circumstances brought out in the course of the examination of witnesses that would indicate that some of those statutes that upon their face might look invalid were valid and, conversely, there might be statutes that on their face looked valid which, by reason of circumstances and facts that might be developed in the examination of witnesses, would appear to be otherwise in point of law.

I only protest against this wholesale reference to the courts of large numbers of statutes when it is possible to determine their validity in the light of real circumstances. I am forbidden by the rules of this house, or at least by a precedent in Great Britain which, I take it, is binding here, to discuss cases which are sub judice. I would like to say something, for instance, as to the evidence that might have been forthcoming in connection with any case brought up under the marketing act, the evidence of those who had to do with the marketing act in British Columbia, the utilization of a dominion officer as an agent, the utilization of a provincial officer as the agent of the federal authority, and so on. All those matters lend themselves to exact evidence, as these were not statutes under which cases did not arise. The Minister of National Defence (Mr. Mackenzie) knows quite well that out in Vancouver there has been a very great deal of difficulty in connection with matters that arose out of the provincial statute, and that the operation of the provincial and federal statutes together brought about a condition which many people thought highly acceptable, while others were equally strong in their view that it was undesirable.

I mention these cases; I think they indicate a willingness to refer to the court matters that are purely questions of theory, that should be tested in the light of facts. I need give only one more illustration. It will be remembered that the Canada Temperance Act was a statute about which there was great controversy. Finally in Russell and the Queen the privy council decided that the act was constitutional. You will remember, however, that the provisions of an act passed by this parliament at the instance of Mr. McCarthy, providing for a federal licensing system, were held to be ultra vires. There was no judgment given because the form of reference to the privy council was under an imperial statute, the provisions of which were availed of. On the other hand you had the provincial statutes with respect to licensing that were tested in litigation, not by the reference of theories but by real cases that had to do with the real judgment of the matters.

I wish to make two or three observations with respect to the paragraph dealing with the Canadian Wheat Board:

> You will be pleased to know that the policy of the Canadian wheat board in selling wheat at competitive prices is bringing satisfactory results.

Well, Mr. Speaker, I think in fairness I must deal with that matter now rather than wait until the questions come up for consideration in committee of supply. Mr. McFarland, Mr. Grant, and Mr. Smith were removed from office by order in council. The Canada Grain Board Act passed this house, and the right hon. leader of the government, or at least his party organization, expressed approval of the act in part, because it represented a statute which had been dealt with by a committee of the whole house, which had been substantially amended by the committee, and which afforded an opportunity to the grain exchange to exercise

the functions which they said they could exercise if they only had a chance. The new government came into office. They appointed a subcommittee consisting of the Minister of Agriculture (Mr. Gardiner), the Minister of Finance (Mr. Dunning) and the Minister of Trade and Commerce (Mr. Euler). That committee made a report to council that there apparently was under the then wheat board a distinct sales resistance to our wheat; that, in other words, Messrs. McFarland, Grant and Smith were persona non grata to the buying world, and that these three Canadians must be removed from office because their very presence developed a sales resistance on the part of prospective purchasers. That is the story that was recited in the order in council. That is the cause for which these three Canadians were removed from their position and Mr. Murray—the grain exchange Murray—Mr. McIvor who had been working with the pools and Dean Shaw were appointed in their places. Now is that statement true? If not, a grievous wrong has been done to three Canadians to please the grain exchange of Winnipeg.

Let us look at the facts. I am leaving out of the story altogether the fact that Mr. McFarland had served without pay up to the time the wheat board came into being, and that he was then to receive $18,000 a year, the vice-chairman getting $15,000 and the other member $12,000. I am leaving out any reference that may be made on the street corners or elsewhere to the fact that Mr. McFarland had bought some speculative oats that he owned when he took office, and that he lost some money on them; but he never owned a bushel of wheat, he promised he never would and swore he never had. But he did own some oats and barley, and that has been bruited around the street corners in the various parts of Canada in an effort to discredit him, because he owned some when he took office and he added to them and sold and lost money.

Let us look at the importance of this matter before I come to the facts. I wonder whether it is realized in this house that the average wheat crop in Alberta during the last ten years has been worth more than the entire gold production of Canada last year at $35 an ounce. I have not the inclination at this time to deal in detail with what other countries did, but why is wheat so valuable in Canada? It is because it is the easiest method known to produce new wealth. You sow in the spring and the new wealth is reaped in the fall. Gold, oil, minerals, metals, coal—all these things involve enormous outlays and long years of waiting for results. Cattle involve long years of waiting. But with respect to grain the situation is entirely different if the market is available. That is something important to keep in mind. I am not going over the ground I traversed last session, but under the conditions that have existed there has been a lessening of Canadian wheat sales abroad. Opinions differ as to that, but I shall show that this lessening has not been as suggested on the street corners nor by that order in council. I am going to point out what was the condition in November, 1930. At that time the reservoir of unsold wheat amounted to 1,325,000,000 bushels. I wonder whether the true significance of that is apparent. Including the quantity in ocean transit in November, 1930, there was on hand in Canada, Argentina, Australia, the United States of America, Russia and the Danube, 1,325,000,000 bushels, and four months of the crop year had passed. How many bushels were on hand on November 30, 1935, in those same countries? There were 625,000,000. That is, at the end of four months of the 1935 crop year the reservoir, which had contained 1,325,000,000 bushels of wheat, had been so diminished that it contained only 625,000,000 bushels. And from that reservoir all the purchasing countries of the world must buy their supplies for the next eight months. That is, if we assume the figures given by Broomhall as to Russian crops to be correct, the entire quantity of wheat in the reservoir to supply the wants of the importing countries of the world during the next eight months is 625,000,000 bushels, or 700,000,000 bushels less than it was in 1930.

Mr. DUNNING: For the next eight months?

Mr. BENNETT: Yes, December to July; that is eight months of our crop year. We say the crop year ends July 31, and make our computations accordingly, and Broomhall makes his accordingly. July 31 is the governing date with respect to these matters. Of course Australia comes in—

Mr. DUNNING: And Argentina in February.

Mr. BENNETT: But that crop has already been anticipated in the statement, for it does not become marketable during that crop year.

Mr. DUNNING: The anticipated figures are included in your reservoir.

Mr. BENNETT: These are the figures supplied by Broomhall in his estimates, with

which the hon. gentleman is familiar, for as indicating his improved fitness for his great position I omitted to state that he had also been president of a milling company. I express my regret.

Mr. DUNNING: I only yield to my right hon. friend in the amount of money he made out of the grain business.

Mr. BENNETT: I think there is not much doubt that the Maple Leaf did not make much for its shareholders.

Mr. DUNNING: But the Alberta Pacific did.

Mr. BENNETT: It certainly did. I sold my shares at $325. But that was not nearly so good as the shares of Canada Cement.

Mr. DUNNING: I never had any of those.

Mr. BENNETT: Now let me go a step further with this little story to show how these gentlemen were removed from office. I am now going to show the number of bushels that have been sold during the five years as compared with the preceding five years under hon. gentlemen opposite. I think perhaps they will afford rather interesting reading, because they will show that the sales resistance existed only in the minds of those who alleged it. It may be necessary to say, before I proceed to a further discussion of the matter, that during the five year period from 1930 to 1935 the Dominion of Canada produced two thousand million bushels of wheat. That was its production in the period I have named. That has been marketed at what has been described by those who criticize the late government at a price in excess of world prices, ensuring the farmers of the west a very much greater sum of money than otherwise they would have received.

Next we have to inquire as to the number of bushels sold in the period from 1930 to 1935 and from 1925 to 1930. Those figures are extremely interesting because they indicate that there was no sound basis for the action taken by the government. I do not suppose Mr. McFarland, Mr. Grant or Mr. Smith is particularly concerned about a job, but they were concerned about concluding a work which they had begun. They were concerned about having their reputations blasted by statements to the effect that because they were who they were they were obnoxious to people who had to buy something. I ask this House of Commons whether or not it is decent treatment of a Canadian to say that he is offensive to Joseph Ranke of England, and therefore that he has to be removed from his office if Joseph Ranke wants to buy wheat.

Mr. EULER: Nobody said that.

Mr. BENNETT: But that is exactly the effect of it.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Well, I have the order in council.

Mr. DUNNING: Read the exact words.

Mr. BENNETT: I wish to follow the thread of my discourse, and I shall read it when it suits me.

I say that this country produced two billion bushels of wheat in the period from 1930 to 1935. I say further that the figures supplied by the external branch of the bureau of statistics indicate that in the first five year period, namely from 1926 to 1930 inclusive, of a ten year period extending from 1926 to July 31, 1935, only thirty-two per cent of the total wheat imported by the United Kingdom of Great Britain and Ireland was from Canada, and that in the last five years of that period, from July 31, 1930, to July 31, 1935, Canada's percentage of United Kingdom free imports had increased to thirty-four per cent. Those are the figures supplied by the department here in Ottawa. That was the increase, despite increased production in England for which the English taxpayer had paid in the neighbourhood of $100,000,000 in that period of time. Further, the United Kingdom actually imported 40,000,000 bushels more of Canadian wheat during the last five year period than it did in the first five year period. Never mind our percentages; never mind them. The fact is that during the time Mr. McFarland operated, from July 31, 1930, to July 31, 1935, the United Kingdom imported from this country 40,000,000 bushels more wheat than it did during the time the right hon. gentleman opposite was in office, namely, from 1926 to July 31, 1930. Those are not my figures; they are supplied by a department in Ottawa which prepares external trade figures.

Does that warrant the statement that buying resistance had been set up against these men? Does that warrant blazoning to the world that to appease and please people, comprising three great concerns, you are to blast the reputations of three Canadians as decent as any who may sit opposite me? I ask you: Is that fair treatment? Is that right treatment? Is that just treatment? Why should we endeavour to appease—and I will point out in a moment what has been done—why is it suggested that we should appease these alleged patriots who are clamouring to buy Canadian wheat if we would only give them a proper bow, a

proper way or a proper person to deal with, and not the person now there? Is that not absurd?

Mr. DUNNING: It certainly is.

Mr. BENNETT: Let us go a step further. I am coming now to the four months before Mr. McFarland was dismissed. The smallest percentage of Canadian wheat imported in the ten year period I have mentioned was in 1929, and the largest percentage ever imported into England in that ten year period was in 1932. There you have it, the situation: The smallest in the ten year period was in 1929, and the largest in 1932. We now come to the four months ending November 30, 1935, when Mr. McFarland was chairman of the board, and Messrs. Smith and Grant were the remaining members. In that time what was our percentage of the wheat which went to Great Britain? It was 38½ per cent. But the average during the years the other gentlemen were running on a supply and demand basis, and the grain exchange was in control, was 32 per cent; yet it was 38½ per cent in the four months between August 1 and the time Mr. McFarland was dismissed. Is that sales resistance?

An hon. MEMBER: Sure.

Mr. BENNETT: An hon. member says, "sure." I thought so. That is sales resistance, is it?

I am coming now to another side of the matter, to a statement made by the Minister of Agriculture during a by-election as to the quantity of wheat taken over from the co-operative organization, and the amount of available wheat in the country. I am asking him where the short interest is. Who benefited by the action taken on the grain exchange when Argentine wheat went up twenty cents? Who had the short interest on that day? Who had the 30,000,000 bushels of wheat that are not in the country, and which were taken over by the wheat board from the cooperative organization? Who were they?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BENNETT: Mr. Speaker, when the house rose at six o'clock I was pointing out that when the wheat board took over the available wheat held by the cooperative selling agency, according to the statement made in western Canada by the Minister of Agriculture (Mr. Gardiner) they had to purchase 298,000,000 bushels of wheat. When I say 298,000,000 bushels, I refer to the wheat and the contracts for wheat making up that total. The documents issued by the Department of Trade and Commerce presided over by the hon. member for North Waterloo (Mr. Euler) indicate that at that time there were only 265,000,000 bushels of Canadian wheat, including feed wheat, in commercial channels on this continent. I wonder if the minister was aware of that fact when he made that statement? Was he aware that the farmers then owned about 5,000,000 bushels of that wheat in public storage? Was he aware that the public, about which they speak so frequently as being buyers of wheat, were the owners of many millions of bushels of that 265,000,000 bushels which they had bought for future delivery? Yet in spite of all that we have 298,000,000 bushels of wheat and futures contracts taken over by the wheat board at an average price of about 85 cents. I think that was the blackboard price at that time. I ask this house and I ask the Minister of the Interior (Mr. Crerar), who more than anybody else is responsible for the present condition, whether or not an explanation can be given of what became of the difference between the 298,000,000 bushels of wheat and futures and the 265,000,000 bushels which was the total quantity on the American continent, and which, as I say, included 5,000,000 bushels in the hands of the farmers and many millions of bushels in the hands of the public.

Why? Of course there was a short interest. There were people who had sold wheat that they did not own upon the Winnipeg Grain Exchange. That is a matter known to everyone. And what happened to them? In December last the Argentine raised the price of wheat over night by 20 cents per bushel. What happened to your short friends then? Were they protected on the Winnipeg market? How were they protected? Did they suffer? Did they cover? What happened? In Chicago the maximum price was increased the full five cents allowed by the exchange. Three cents was the limit fixed in Winnipeg by the exchange as the amount prices could rise in a day. As a consequence of a rise at Buenos Aires of 20 cents per bushel for Argentine wheat, wheat in Winnipeg rose a maximum of three cents per bushel. That did not represent its value; that represented an arbitrary rule passed by the grain exchange as to the maximum it could rise. Under those circumstances the shorts were protected. That is the position.

I put this further statement to the house. I wonder if hon. members of this house recall

the investigation that took place in the railway committee room last spring. Do they recall the prices of Argentine wheat then? Do they recall the prices of Winnipeg wheat? Do they remember that because the spread between Canadian and Argentine wheat was so great it was said that the wheat was not being marketed as it should be, for the benefit of Canadians? Let us look at what the facts are now. I have here the prices of Argentine wheat at Buenos Aires. When I read to the house the prices in January of this year I think perhaps it will rather interest the house to see why it is that to-day Canadian wheat is being sold for less than the price paid for Argentine wheat. Let us see what the figures are. In January, 1935, the price of wheat in Buenos Aires was 57 cents per bushel and at the same time the stabilized price of wheat on the Winnipeg market was 84 cents. It will perhaps be recalled by hon. members from western Canada who listened to what took place in that committee that the contention was raised that the spread between Argentine and Canadian wheat was too great. The prices of Argentine wheat were given over a long period of years, not for just a few months but for a long period. So far as I have been able to ascertain there never has been a time that Canadian wheat did not command higher prices than Argentine wheat. Its value is greater. Its food value is greater. It is greater from any angle from which you may consider it. What is the position to-day? I gave the figures for 1935 when Argentine wheat was selling at 57 cents per bushel and Canadian wheat at 84. Now we find that the price of Canadian wheat on the Winnipeg market is around about 87½ cents to 88 cents per bushel while Argentine wheat was sold in January, 1936, for 93 cents per bushel. In other words the spread to-day in favour of Argentine wheat is five cents per bushel. The Minister of Finance (Mr. Dunning) shakes his head, but all I can say is that there are the figures taken from an official source to show that Argentine wheat was selling at 93 cents—the price fixed at a minimum of 90 cents—while Canadian wheat was selling—

Mr. DUNNING: In Buenos Aires.

Mr. BENNETT: Yes, I said that.

Mr. DUNNING: Quote the prices in Liverpool where the two wheats compete.

Mr. BENNETT: I am talking about the price in Buenos Aires and the price in Winnipeg. Those are both points of origin as far as the farmers are concerned. I will admit that for the moment I am not talking for the millers, I am talking for the farmers. That is the position, if the hon. gentleman wants to know.

Mr. DUNNING: Cheap.

Mr. BENNETT: Not cheap at all, because I shall show conclusively in a moment just what was behind the removal of these three men from their office and the substitution of three others whose position with relation to at least one or two members of the government is not unknown.

Let us go further. Here is the story. We here have the Winnipeg price less than the price in Buenos Aires for the first time, so far as I have been able to ascertain, in our history as exporters of wheat. But that is not all. I pick up the paper to-night and I read:

Prices Sell Off

A minimum of selling sufficed to send wheat prices lower in quiet, early trading on the Winnipeg Grain Exchange to-day. Unexpected weakness at Liverpool was bearish. Values near mid-session were three-quarter cent lower, May at 84½, July 85¼, and October 84⅜ cents.

October wheat, 84⅜ cents. Representations made last year to the government on behalf of the farmers were to the effect that October wheat should not be quoted on the Winnipeg Grain Exchange. We told the grain exchange that it was not to quote October wheat, but since January of this year wheat not yet sown, wheat for which the seed has not yet been bought, is being sold on the Winnipeg Grain Exchange, and the price is 84⅜ cents per bushel. That is the blackboard price for wheat to be delivered in October, 1936, from a crop that is not yet sown. Travelling over western Canada to-day the grain exchange have a paid advocate going about defining the difference between speculation and gambling. He is saying that gambling consists in taking a risk for the risk's own sake, but speculation is when you take a known risk in a commercial sense. It is no wonder the hon. gentleman laughs; that is calculated to make even angels laugh and the hon. gentleman is not that. At any rate, be that as it may, the fact is that here you have the situation I have described. Lectures are being delivered to service and other clubs in Vancouver, Calgary and other parts of the country by a paid advocate of the grain exchange who is pointing out that they do not have anything to do with prices, that they are not gamblers, that they are only speculators, and a speculator is one who accepts a commercial risk that is already existent whereas a gambler is a chap who takes a risk for the risk's sake and has nothing to do with commerce or anything else.

Day after day last year in this house the wheat board was denounced for its stabilization operations in connection with wheat, but to-day October wheat is being quoted on the blackboard at Winnipeg, a price is being marked up for wheat which has not yet been sown. Is that gambling or speculation? What effect is that going to have upon the crop, upon the future, upon the prospects of this country? The answer to all this, made by some hon. gentlemen, is, "Well this is what has existed all these years; this is what worked so satisfactorily in days long since past." That might well be, but we are not dealing to-day with conditions that existed in those years. To-day there is no such thing as a world wheat market, and almost everyone except those who desire to obscure the issue knows that fact. England, producing only sixty million bushels of wheat, has paid to date $100,000,000 or thereabouts as a bonus to her farmers, in addition to what has been done in connection with the processing taxes. In the United States stabilization operations have resulted in the expenditure of a couple of hundred millions, in addition to the processing taxes. In Germany, in France, in Italy, in all these countries, three of which used to buy 200 million bushels per annum, we find duties ranging from 85 cents to $1.35 per bushel. Therefore there is no longer a world market in wheat; there is no longer a free play of supply and demand, no longer the operation of that rule to which reference has so often been made; but we have on the one hand, on the part of people who are prepared to grow their own requirements, and on the other, on the part of those who have to do with the sale of wheat, the endeavour to sell against the bonused product of other countries.

Mr. DUNNING: That is right.

Mr. BENNETT: The Minister of Finance says that is right.

Mr. DUNNING: That is one statement that is absolutely correct.

Mr. BENNETT: Well, if they were statements made on the other side I would say that is a high average. Be that as it may, however, I desire to point out that in Australia, with a depreciated currency of 25 per cent, there has been a bonus that has cost them altogether about $60,000,000. I have pointed out the situation that exists in the United States; I have shown the state of affairs in other countries, and I will not do more than make this observation, that so far as the world is concerned, so far as dealing with wheat is concerned, there is no such thing as a world price and there never can be so long as the price is controlled, as it now is, and regulated by subsidies. About that there can be no doubt.

Under these circumstances the government came into office and desired to get rid of the wheat board. There would have been no difficulty if they had said to Mr. McFarland and those associated with him, "For political reasons we desire you to get out." They could have been frank, open and aboveboard about it. Mr. McFarland wrote a letter to that effect: "Say that you want to get rid of us for political reasons and we will go." But what happened? In the first place, having indicated their desire to get rid of these gentlemen, they gave reasons; and the chief reason they gave was that sales resistance had developed against the sale of Canadian wheat, attributable, according to the view held by the minister, to one thing, and that one thing was the personnel of the board.

I submit that that is not borne out by the facts, and I have already indicated the reasons why. They are contained at greater length in a communication which was sent to the minister by Mr. McFarland and his associates, and they indicated the figures as I have already given them. I brought them down to a little later date. The total sale of wheat in North America, excluding the quantity of 19,500,000 bushels bought by the United States, nearby neighbours who, knowing these gentlemen, bought that wheat from them, was 62,647,000 bushels, or something more than the ten-year average. Yet, notwithstanding that explanation and the objection made to the terms in which their end was sought, an order in council was passed on the third day of December, 1935, reading:

> The committee of the privy council have had before them a report, dated 3rd December, 1935, from the Minister of Trade and Commerce, stating that the problem of the marketing of the Canadian wheat surplus has been engaging the earnest consideration of the sub-committee of the privy council, consisting of the Honourable the Minister of Agriculture, the Honourable the Minister of the Interior, and the Honourable the Minister of Finance, together with the Minister of Trade and Commerce, which sub-committee was authorized to review and advise upon the operations of the Canadian Wheat Board.
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> The minister further states that his opinion, concurred in by the other members of the aforesaid sub-committee, is that a definite and persistent resistance against the sale of Canadian wheat has existed and now exists in the world markets, which resistance is based on antagonism to the members of the present Canadian Wheat Board.

If they had stopped at sales resistance and said, "We desire your heads on a charger

for political reasons in order that we may appoint our friends to these positions," one would have understood that. But that is not what was done; the basis was antagonism to the members of the present Canadian wheat board, not to a member but to the members.

Where was the antagonism? Was it in the United States, which paid duty on 19,500,000 bushels, or among those who bought 5,000,000 bushels that had not gone into commercial channels but was still afloat? Was it in Europe? If so, by whom? It is an elementary rule that when a charge is made against a man who holds office under the crown he has a right to be heard in his defence; he has a right to know the charges levelled against him. There is a decision in the privy council in a case that went from Australia. There is the case of a judge who was dismissed from his high office because he had declined to deal with cases against himself where he had given promissory notes he would not pay, and notwithstanding his bad conduct the privy council decided that he had a right to be heard.

In the present instance, on whose part was there antagonism? In a later letter Mr. McFarland refers to the fact that but one name was given to him by the Minister of Trade and Commerce, and he deals with that phase of the matter. Now, I ask, can we hope to have any sort of public service in this country where men are to be thus pilloried without having an opportunity to be heard, and when they are heard and put up their case, containing as it does a complete refutation of the facts as stated, they are just simply told to get out? The order continues:

> The minister is of opinion that it is inimical to the best interests of Canada in the circumstances that the present members of the Canadian Wheat Board should continue in office and, therefore, recommends that the said members, namely, John Irwin McFarland, Esquire, Chief Commissioner, David Livingston Smith, Esquire, Assistant Chief Commissioner, and Henry Clark Grant, Esquire, member of the board, be retired, the said retirements to take effect on the 3rd day of December, 1935.
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> The minister further recommends that the following persons be appointed members of the Canadian Wheat Board in place of those retired, namely, James R. Murray, Esquire, George McIvor, Esquire, and Alexander Malcolm Shaw, Esquire, and that James R. Murray be appointed Chief Commissioner, and George McIvor be appointed Assistant Chief Commissioner of the said board, the appointments aforesaid to take effect as of the said 3rd day of December, 1935.
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> The committee concur in the foregoing recommendations and submit the same for approval.

It must be within the mind and knowledge of the Minister of Justice (Mr. Lapointe) at least, the law officer advising the crown, that the wheat act provided, at the instance, to a very substantial extent, of members of this government, that the existing channels were to be utilized for the sale of wheat. They were to sell the wheat; and they were doing it. The wheat board had no agencies doing that at the moment, beyond the general way in which they were continuing to offer wheat for sale. These men were carrying on their business through the channels provided by statute, an act placed on the statute books last session, at the instance of, and if that expression is too strong, then with the approval and consent of the gentlemen who now occupy the treasury benches. How then could these men be guilty of sales resistance, when the business was being carried on through the constituted channels of trade, the men in the business, the elevator companies, the brokers, the great grain dealers? They were the people who, by statute, mark you, had to have an opportunity to sell the wheat of the country, and they were doing it; and notwithstanding that, in order to accomplish their purpose, hon. gentlemen make this statement against these three men, who could no more be responsible for sales resistance than a page in the house, seeing that the sales were carried on through channels provided by statute.

What follows: There is a communication in which these gentlemen present before the government the facts with respect to sales, telling them what the sales have been and what has been done. And then, when they find that they are about to be removed from office, they send the following telegram to the government, to the Minister of Trade and Commerce (Mr. Euler) on the 2nd December, the day before they are removed from office:

> Since receipt your telegrams of Nov. 29th by Smith and Grant we have jointly considered your letter of same date to McFarland. We deny that a sales resistance ever existed or now exists in world markets based on antagonism to the present board. We are of opinion that there is no evidence upon which the government could come to the opinion expressed in your letter and telegrams and that in fact all available statistical evidence is definitely to the contrary. If your request for our resignations were based on the desire of the government to have a board of members appointed by it and if the government will agree to pay to each of us in lieu of salary which otherwise we should have earned a sum to be agreed upon we are prepared on that basis and when such agreement is arrived at to tender our resignations but only if the statement in the second paragraph of your letter which in our view contains a serious reflection on the ability and integrity of all of us is withdrawn.
>
> McFarland Smith Grant.

That paragraph was the one to which I have referred with respect to definite sales resistance in consequence of the personnel of the board. That was the 2nd December. On the 3rd they were removed, and the minister so advised us. Now I put it to this house, sir, whether or not that is the sort of treatment that any one of you would like to receive at the hands of anyone? Just put the matter on that basis and no higher. The right hon. gentleman has frequently said that we should consider these matters on the basis of doing to others as they would do to us. How many members in this house would regard themselves as being treated with decency if they were treated in that way? And when the Minister of Trade and Commerce secured an order in council to pay to McFarland $9,000, the latter sent it back with a communication that he could not accept it with that reflection against his honesty and honour and integrity.

Mr. EULER: The others accepted it.

Mr. BENNETT: Quite so, but he did not. They were men who had not been in this country during the preceding twelve months. Mr. Grant had been, of course, but he was connected with his university, and Mr. Smith had been in London. How could there be sales resistance against Smith who had been carrying on business in London, or against Grant, who had been connected with the university, or against McFarland, who is not allowed under the statute to carry on business, otherwise than through the channels which were heretofore provided for the sale of wheat?

The Minister of Trade and Commerce, on the 4th, instructs Mr. McFarland, and, I assume, the others:

> By order in council yesterday December third you were retired from membership in the Canadian Wheat Board and Mr. James Murray appointed in your stead change to take effect immediately.

Mr. James Murray was president of the Alberta Pacific Grain Company. He is a man who is, and has been for years, closely in touch with the operations of the grain exchange. He represents, if any man does, opposition, violent, unquestioning, to what is known as the pool interests in western Canada. Was Lamont sent to England for the purpose of having it made clear that the pool would never more function? That statement is made as having come from a minister of the crown himself. I pay no attention to street gossip, but those are the facts as related.

Mr. DUNNING: Oh, oh.

[Mr. Bennett.]

Mr. BENNETT: It is not the Minister of Finance who is thought of in this instance. Do not think that everything must emanate from him. He had nothing to do with him in this instance. At any rate that is the story of the operations of the grain board to which reference was made in the speech from the throne. To-day, as never before in recent years, you have the complete control in the hands of those whose apparent effort is to lose money for the Dominion of Canada; that is all. Wheat is being sold to-day for less than the price fixed to be paid for it. Eighty-seven and a half cents was the price fixed. Did the new board reduce that price? I understand they were advised by law they had the right if they so desired. Much of the wheat that has been delivered, which had been purchased by these men themselves, and for which 87 and 88 cents had been paid, they could go in now and fill orders for at 83 and 84 cents, and the country is supposed to bear the loss. Is this being done deliberately, to bring into disrepute the operations that have taken place? A well known trader in Amsterdam has said that there was no reason why Canadian wheat should not be ten cents higher than it is. If in the Argentine wheat is being sold for the price I have mentioned, why should Canadian wheat be sold to traders, to anyone who wishes to buy it, not at the price that is paid for it, but at a price that is fixed by whom, and why, and when? That is what I want to ask the Minister of the Interior (Mr. Crerar). That is what I want to ask the Minister of Agriculture. That is what the Minister of Trade and Commerce should answer. Let them tell us why this is being done. One gentleman gave the other day what I conceive to be a correct and fair statement of the situation, and that is, that this is unappreciated philanthropy. Why, they have got the idea abroad that this country is going to sell at any price as long as it can sell, and every day sees them hardening in their unwillingness to pay the price. What was the attitude of the Free Press in 1929, I think it was, when the Argentine was selling its wheat and we were not able to sell? What did it say? It denounced the British milling trust in unmeasured terms. Those who have time and care to look it up will find what it said. Wheat was then being sold at $1.50. That is not the price to-day. Wheat that cost 87½ cents is being sold to-day at 84 cents, 85 cents or less.

What is the agreement that is being made by Mr. Murray with the great traders on the exchange? What is the bargain he had made with them? How can they fill their orders?

It is known all over the world; everybody is talking about it. With seven hours' difference in time between Winnipeg and London they make their sales, and they can fill them at a quarter of a cent above the previous day's closing market price. They go out and sell 100,000 bushels for 83 cents and buy it for 83¼ cents.

Mr. DUNNING: May I ask my right hon. friend why anybody who sold at 83 cents would want to buy at 83¼?

Mr. BENNETT: It may be the other way about, but in any event they are guaranteed that they can buy it at a quarter of a cent above the previous day's closing market. They are able to fill orders for wheat, buying it from the board under the arrangement they have made with Mr. Murray, on terms that involve this country in financial loss. Is that the deliberate policy of the government? Is it done for the purpose of casting disrepute upon a former administration? Is it done for the purpose of casting disrepute upon the pools? Is it for the purpose of trying once and for all to finish cooperative selling in western Canada? Is that the reason? Men are asking everywhere: is that the reason? I simply mention the boast that was made by the grain exchange and the members of it before the last election, a boast which was known to me, of course, as to what they would do in western Canada. They were going to see to it that Liberals were returned in those constituencies, and they saw to it wherever they could. And I would like to know if this is the price we have to pay for it; that is what I want to know. That is what the people, that is what everybody, wants to know. There you have, against all precedent, October wheat, not a seed of which has been bought, offered for sale for gambling purposes, and we have this arrangement made with this combination headed by a former president of that great grain corporation, the Alberta Pacific Grain Company. That is what is going on. That is what is being carried on in western Canada; and as Mr. McFarland says in his letter, and as these men say in their telegram: If you said you wanted our jobs and asked us to resign, we would do it; but when you say you are going to force it because of sales resistance developed out of personal antipathy to us, we cannot as self respecting men do it. For the first time in the history of Canada, so far as I know, a government that appealed to western Canada on the platform it did and that supported the wheat act as it did, have, because of the deep-rooted sentiment they have in their hearts against those who tried to protect Canadian farmers from exploitation, from gambling and from all the evils connected with it, openly sacrificed these men at the whim of those people abroad, the continental grain companies, the Dreyfuses and the millers of England, to make a holiday. I hope the Minister of the Interior (Mr. Crerar) and the Minister of Agriculture (Mr. Gardiner) are proud of their work; I hope they are pleased and proud of their operations in that regard.

Now we come to the next item in the speech from the throne, the conference between the provinces and the federal government. I am indebted to the first minister for his courtesy in furnishing me with a copy of the report, which was tabled to-day. It is a statement of speeches of good will, of loyal devotion to one another and to the cause of liberalism that would be amazing if it were not amusing. Let us look at it. I will say this about Ottawa and the Ottawa conference. The Ottawa conference deserves to be remembered by all men. The hon. member for Parry Sound (Mr. Slaght) was right; it was a great conference and hereafter Ottawa will always be remembered as the greatest health resort known in history, for while the first minister was bewailing the illness of the first minister from Ontario, the minister from Queen's Park was certainly enjoying himself in other parts of this country. With such a revival of health on a scale unprecedented, this city becomes the greatest known health resort. Those who are far removed in fancy find themselves suddenly in better health and able to take part in all the festivities connected with the gatherings without any difficulty at all. It is an amazing illustration of what unremitting toil will do in the way of restoring to health those who have thus found themselves overtired.

Perhaps that is the greatest tribute that can be paid to this conference. Then, of course, there was that delightful interchange of compliments between the Minister of Finance and the first minister of Ontario. Their unanimity of feeling and their common sentiment crystallized into that expression that, when my hon. friend came down to Ontario to find a seat, there was one province in which he would not be able to get it, as far as that other gentleman was concerned. All these things express that spirit of comradeship and loyal devotion to one another that indicates the unanimity of eight provinces of Liberal thought and a federal government of the same complexion.

It is an amusing story, but what have they accomplished? There is a printing bill charged to the House of Commons; we were

told that this afternoon. There were glorious speeches of good will, but what has been accomplished? The British North America Act has not yet been amended; it is going to be, but the method has not been settled. There are differences of opinion with respect to that. What has been accomplished by this government? The loan council, is that in being? Perhaps before the debate ends the Minister of Finance will tell us the position of this young child. The hon. member for Parry Sound referred to the quintuplets. Perhaps he will be able to refer to the octuplets or something like that, because there were eight, not five, in this particular gathering, or nine if you include the federal government. But what has been accomplished? Look at it. Well, you know, it is an illustration of what can be done by just making and printing speeches.

Mr. LAPOINTE: We are having that just now.

Mr. BENNETT: And judging by the very little impression it seems to make upon the hon. gentleman, I should judge that he would rank it on a par with this report of his conference. At any rate, I fail to find in this report any concrete proposals; I fail to find any resolutions agreed upon. I remember a conference at which we agreed that we would have a uniform companies act. Everybody agreed to it, but we did not get it. We did not print anything about it afterwards; we did not have any speeches of good will or otherwise.

Mr. MACKENZIE (Vancouver): They were not allowed to speak.

Mr. BENNETT: I will come to that presently; I have that before me to deal with. The only difficulty I see is to find out exactly what is the net result of this conference. At one place I notice that, providence being their guide, they builded better than they knew. Let us hope they have some epitaph better than that in view, for certainly there is no present realization of it. We will await developments in the future before we endeavour to make any observations upon concrete proposals, because it would be idle to discuss these speeches. When there is some crystallized legislation to consider, it might be useful to discover just what has been done.

One feature of this conference, however, involves a second paragraph in the speech from the throne, dealing with financial problems. We are going to deal with our difficulties with the provinces, and a committee is now engaged in consideration of a method of procedure in order to effect constitutional amendments. Obviously before one sees those amendments it would be improper to deal with them, but here and now I desire to say to the Minister of Finance that any assistance that can be given to him in dealing with the complex financial problems of this dominion we will give to him with the greatest possible alacrity and vigour, for we realize indeed that the problems of finance in this country are of the first magnitude. I cannot overestimate the seriousness of the situation. It is idle to try to make it appear to be simple; it is quite the opposite; it is complex and difficult, but there is one phase of it that I should like to urge upon the government. It is that by those well known methods of diplomacy of which they have so frequently held themselves to be masters they should induce the province of Ontario to realize that, from its size, its wealth and its importance, legislation that repudiates contracts, however trifling it may be apparently, has the effect of injuring the whole body politic. In other words it affects the national credit as distinguished from the provincial credit. If by the exercise of those qualities of heart and mind of which we are so constantly reminded the government is able to effectuate that purpose, it will not have lived in vain, and I do commend to it the desirability of endeavouring to accomplish that end, for never was there greater need for it.

I sometimes wonder whether our friends who have to do with local politics realize just how great the real effect upon our credit has been and will be of action taken by any province to repudiate its obligations, and I do urge upon the government that by the means I have indicated, if sterner means be not at hand, they endeavour to accomplish the end I have suggested. Any Canadian, I care not what his politics may be, I care not who he may be or where he may reside, who takes the trouble to familiarize himself with the whole problem of public credit, the sensitiveness of it and the effect upon that credit of actions, however trifling they may seem to be, that deprive men of the right to go into the courts to assert their rights, knows that such action is fraught with the gravest possible danger to our whole body politic. I say that with great seriousness, without in any sense desiring to become embroiled in any quarrel there may be between the provinces and the federal power, because I realize that "provincial rights" are very sacred words. But there was a government the minister of justice of which saw fit to disallow a statute from Nova Scotia because he felt it undertook to do something that was not essentially just and proper

and wise. I am getting letters every day from sources that I had not expected, from people who have placed their money in Beauharnois securities and who, by the termination of that contract for the sale of power, find themselves in a position where their savings are jeopardized and ruin confronts some of them both at home and abroad. It is pathetic that this should be so. I say "pathetic" because there is a pathos about a matter of this kind that far transcends any mere party discussion. I assure this house on behalf of those who sit here at any rate that we hold the strongest possible view as to the desirability of some modus vivendi being arrived at that will assure the removal of this—the Minister of Trade and Commerce speaks of sales resistance—shall I say investment resistance on the part of those in Great Britain who have money to invest against finding here a home for their investments, by reason of that action that was taken. And to a lesser degree that same feeling obtains in other places.

I have already dealt with the paragraph that refers to the restoration to parliament of its ancient powers and vigour. I shall leave that for the present, and as the measures develop that have to do with the restoration of responsible government and representative institutions to this dominion I shall endeavour to make myself audible in considering and criticizing those measures.

An effort is to be made to substitute stability for uncertainty in the administration of customs laws. I take it that has something to do with so-called dumping duties and exchange values. Well, Mr. Speaker, I had considerable to do with these matters during a period of five years. It was the considered judgment not only of our government but of other governments with whom we did business that we were compelled by the economic conditions under which we live to take action to secure for Canada some sort of protection against inevitable destruction by the dumping of goods upon our markets at any price. There was no method by which that could be accomplished by an ad valorem tariff that would change from day to day or by specific duties that might or might not apply because of changed price lists from countries dumping goods upon our markets. So we took a method that achieved its end, that accomplished its purpose, and that preserved the integrity of this country. When I look at the trade returns; when I see Canada's position at the end of 1935; when I see Liberal journals rejoicing in the prosperity Canada enjoys and the position we occupy, I should like to ask them what they were saying during the long five years that we were endeavouring to attain those ends. Little by little, slowly and gradually we improved our standing until we reached the position to which reference is made by financial journals in every part of the world. Read the reports of the great banking institutions of the United States and see what they say about Canada. Read our own journals. I ask this house, as I have frequently asked other people: how was this accomplished? It was accomplished by meeting every situation as it arose from day to day in the manner we did, preventing dumping of goods upon our markets, maintaining the integrity of our country and the safety of our credit. That is what we did. Let me say this: the main market phenomenon we have to deal with in this country arises from the fact that over half our population is found in the cities and towns. For the first time in Canada's history the last general census indicated such a shift of population. It is no longer predominantly a rural population, the majority has now become resident in cities and towns. Whether or not the policy that we adopted of developing the industrial structure was a right one, I am not here to say; but having once started to develop that structure, having once moved into cities and towns and urban communities over half our population, we could not, in time of great adversity, in days of great depression, unless we were prepared to go bankrupt, do other than we did.

We pointed out at the time that these were temporary measures, as they were. The tariff was a temporary measure. Would there ever have been any American trade agreement had it not been for the tariff we imposed in 1930? I have it, not from hearsay but from the Americans with whom we ourselves negotiated, that our tariff of 1930 was responsible for the fact that they were negotiating an agreement with us. That is a case in which tariffs fought for Canada, fought for every class in the country, for every part of the country. That is known, it is known to every one who wants to be fair in dealing with this matter. I say that, with this great shift of population, this great industrial structure that we have built up over these years, that successive governments have protected, we could not, we dare not in days of depression let it die. When we imposed dumping duties against Great Britain and fixed the value of the pound at $4.40 because we anticipated that the increased cost of production would bring about a ten per cent reduction in the value of the pound in a short time, we found to our surprise it was not ten but only eight per cent, and we had it from the high com-

missioner at that time that he thought the rate fixed of $4.40 was extremely fair under the circumstances.

We applied the same principle to Japan. Japan first of all met us with a statement that I think this house should not forget. They said: We have been buying more goods from you than you have from us, and that has got to stop. We want from you an assurance that there will be no raising of your tariffs against us. Well, I did what those who live in British Columbia know best. The head of the organization that met me was himself a Liberal and he said he would have done the same thing under the circumstances. During the twelve months ended November, 1935, Japan bought from Canada 23·6 cents per capita in Japanese money. For the same period Canada bought from Japan 37·6 cents per capita in Canadian money. If you allow for the difference in exchange you have almost an equilibrium of purchases between the two countries. Yet they said: Because you are not buying enough from us we propose to take the steps we are taking, and they carried on an extensive propaganda hoping that Canadians would support the view thus taken.

Now what is the case to-day? To-day an agreement has been made that in my judgment—I may be wrong; I never undertake to speak with any sense of certainty in these days—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: I have never undertaken during the last five years of flux and change to speak with any degree of absolute certainty about anything connected with trade, for the situation has changed from day to day and from night to night. I can recall an order taken by a firm in Canada to be shipped to the United States; the goods were packed and when they reached Windsor to go across, the rate of duty owing to another classification had been so increased that it made it impossible to ship them without losing thousands of dollars. These things happen from day to day. I can only say that if we have adopted, as apparently we have, the principles laid down in the papers tabled to-day, we shall find it to be a very sorry day indeed for this Dominion of Canada. For I assure you, sir, that at any time before October it would have been possible to arrive at that arrangement, but I would not make it. I stand here to-night and say that I would not make it; I stand here to-night and say that I condemn it. I believe it to be bad, and I am as certain as one can be in this changing world that the agreement which has been consummated will bring disaster to Canada.

I turn for a moment to the position in connection with the United States. I must say something in fairness to my colleagues and myself because in the twelve months ending December, 1935, Canada bought from the United States $28.83 per capita in Canadian money, and the United States bought from us $2.23. We had by constant and untiring effort reduced the commodity balance against Canada to the low sum of $34,000,000, at the end of December of last year. If you will allow for gold and silver that went to the United States as commodities you will find that at the end of 1935 there was a favourable balance for Canada of $60,000,000. That is a point of very great importance, and one of the reasons why to-day our dollar is at par or better; the reason lies in that changed trade balance. Under those circumstances and in view of what had been said we made proposals to the United States government as a basis for negotiations of which I do not believe you will find any similar record in Canada. I am going to take the trouble to place it upon Hansard, because I believe it is desirable that the Canadian people should realize the basis upon which we were prepared to negotiate.

On November 14, 1934, the minister at Washington sent to the Secretary of State a dispatch which had been prepared with great care not by one man, nor by two, but by the joint effort of those in the permanent Canadian civil service, and had been considered by the cabinet I believe on three occasions. It is as follows:

> Sir, the government of Canada for many months have been giving careful consideration to the means whereby the exchange of commodities between Canada and the United States might be increased, and I have been instructed to present a statement of their views for the information of the government of the United States. The government of Canada believe that the time has come for definite action and that the declared desire of both governments to improve conditions of trade between the two countries should now be carried into effect by the negotiation of a comprehensive trade agreement.
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> You will recall that when the Prime Minister of Canada visited Washington in April, 1933, at the invitation of the President of the United States, the development of trade between the two countries was sympathetically discussed. On April 29, 1933, Mr. Roosevelt and Mr. Bennett issued a joint statement at the end of their conversations, which concluded as follows:
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> "We have also discussed the problems peculiar to the United States and Canada. We have agreed to begin a search for means to increase the exchange of commodities between

our two countries, and thereby promote not only economic betterment on the North American continent, but also the general improvement of world conditions."

At that time it was expected that at an early date the President would be vested with special powers to enter into agreements looking toward an increase in the exchange of commodities between the United States and other countries. Since Mr. Bennett's visit, informal discussions have been carried on, and several methods of improving trade relations between the two countries have been suggested and examined.

In the past eighteen months the governments of the United States and Canada have repeatedly manifested their determination to increase international trade, by declarations of policy and by the conclusion of bilateral trade agreements.

Within that period of time Canada has made trade agreements with several European countries.

The policy of the Government of Canada with respect to trade relations with the United States was again stated by the Prime Minister of Canada speaking in the House of Commons on February 19, 1934. Mr. Bennett on that occasion referred to the fact that the governments of the United States and Canada had agreed to begin a search for means to increase the exchange of commodities between the two countries and thereby promote not only economic betterment on the North American continent, but also a general improvement of world conditions, and indicated that the policy of the government was to continue their efforts to that end.

On July 21, 1933, at the international Monetary and Economic Conference in London, the policy of the government of the United States was expressed by you in a resolution submitted on behalf of your government. This resolution declared that the governments represented at the conference should forthwith "initiate bilateral (or plurilateral) negotiations for the removal of prohibitions and restrictions and for the reduction of tariff rates; and declare that their aim in these treaties is substantial reduction of basic trade barriere, and not merely the removal of temporary and abnormal restrictions and increments imposed for bargaining purposes." The resolution continued: "In shaping its policy and in executing its obligations under any agreements, each government should direct its first and greatest efforts towards eliminating restrictions and reducing duties which most clearly lack economic justification, particularly:

(a) Duties or restrictions which not completely or almost completely exclude foreign competition, such as those which restrict importation of particular commodities to less than 5 per cent of the domestic consumption thereof;

(b) Duties or restrictions on articles the imports of which have been substantially curtailed since 1929, as compared with domestic consumption;

(c) Protective duties or restrictions which have been in effect a considerable period of time without bringing about a substantial domestic production of the protected commodities (say equal to 15 per cent of the total domestic consumption thereof)."

On December 16, 1933, on your motion, the Seventh International Conference of American States at Montevideo adopted a resolution which declared that the Governments of the American Republics would promptly undertake "to promote trade among their respective peoples and other nations and to reduce high trade barriers through the negotiation of comprehensive bilateral reciprocity treaties based upon mutual concessions."

On February 22, 1934, the Department of State issued to the press a statement concerning trade negotiations with Canada, which reads as follows:

"The Trade between the United States and Canada is larger in normal times than that between any other two countries in the world, and it is natural that both countries should desire to restore the reciprocal flow of commodities to normal proportions. We hppe to be in a position at an early date to take steps looking to the conclusion of a trade agreement with Canada which will further the interests of both countries. We hope thus to bring into practical application the 'good neighbour' policy between these two great countries which have so much in common." A few days later, on March 2nd, the President requested the Congress to enact legislation conferring on him authority to enter into trade agreements, in a message which concluded with the following words:

"I hope for early action. The many immediate situations in the field of international trade that to-day await our attention can be met effectively and with the least possible delay."

The legislation in question became law on June 12th. Since then your government has set up the organization necessary for the conduct of negotiations, carried on its preliminary investigations, initiated discussions with several governments, and proclaimed the conclusion of a trade agreement with Cuba. The objective of the United States in entering upon these negotiations was stated by you in a public address on November 1st to be "to break down all the artificial and excessive impediments put in the way of world commerce, not only in our own interests but for the benefit of all others as well, since only by restoring the whole world can individual countries hope to remain economically healthy long."

It is hardly necessary to stress the importance to both the United States and Canada of their mutual trade. For many years each country has provided the other with either its largest or its second largest foreign market. From 1927 to 1932 and again in the first nine months of 1934, the total trade between Canada and the United States was greater than the total trade between the United States and any other country. In the last ten years, according to the figures of the Department of Commerce of the United States, the aggregate value of the trade between the two countries was more than ten billion dollars, and in the single year of 1929 it reached the great figure of $1,451 millions. During the decade ending in 1933 Canada provided a market for the products of the United States larger by one-fourth than the whole of Asia, about twice as large as Germany or all South America, nearly three times as large as France or Japan, nearly seven times as large as China, and more than ten times as large as the Soviet Union. In spite of the considerable decline in trade from the high level of 1929, Canada still provided a market in the first nine months of 1934 only slightly smaller than all Asia, nearly twice as large as all South America or Japan,

between two and three times as large as Germany or France, four times as large as China, and twenty-two times as large as the Soviet Union. Over 30 per cent of all exports from Canada are currently sold in the United States, and notwithstanding the great difference in population of the two countries, about 15 per cent in value of all exports from the United States are currently sold in Canada. The relative importance of the market of each country to the other, and the persistence of trading on a substantial scale throughout the changing phases of the business cycle, as revealed by the trade returns, demonstrate the inherent advantage of this interchange of commodities, and the tremendous potentialities of expansion under favourable conditions. But no useful purpose can be served by calculating the relative shares retained by each country in a total world trade that for four years has been steadily shrinking, until in 1933 it fell in value to approximately one-third of the level of 1929. If peace and prosperity are to be established on an enduring basis, it is essential to increase the absolute volume of world trade. No better beginning can be made than by taking steps to increase without delay the volume of trade between two countries which offer the most notable opportunity.

Recent trends in the balance of international payments emphasize the necessity of increasing the volume of trade between Canada and the United States. There are six major factors which chiefly determine the nature and extent of the current balance between the two countries. These are: (a) commodity trade; (b) interest and dividends; (c) freight payments; (d) tourist expenditures; (e) gold shipments, and (f) capital movements. On the first three items there has been for many years a heavy balance against Canada, which has been met by a favourable balance on tourist expenditures, by the shipment of gold, and by the movement of capital. An approximate annual balance between the two countries is normally achieved on such other items of international payments as insurance, advertising, royalties, and immigrant remittances, when these items are added together.

(a) Commodity Trade.

In no year since 1882 have Canadian exports to the United States exceeded in value Canadian imports from the United States. During the thirty years ending in 1933, Canada purchased in the United States almost 70 per cent of all her imports and sold in the United States only 37 per cent of all her exports. In the last decade, Canadians have spent over $1.60 in buying products of the United States for every dollar spent on Canadian products by purchasers in the United States. Canada has therefore been obliged to meet the debit balance thus arising by other means of payment. In the decade 1921 to 1930, according to the Department of Commerce of the United States, the balance payable by Canada to the United States on exchange of commodities averaged $287 millions a year. In 1932 and 1933—which were the acute years of the depression—the balance was more nearly equated; but in the first nine months of 1934 Canadian imports from the United States have increased more rapidly than Canadian exports to the United States, and the ratio between them currently stands at about 10:7.

[Mr. Bennett.]

(b) Interest and Dividends.

The long-term investments in Canada of United States capital have been estimated at a total of about four billion dollars, offset by about one billion dollars of Canadian capital invested in the United States.

The interest paid annually by Canada to the United States in excess of the interest paid by the United States to Canada now amounts to about $125 millions, without taking into account instalments of principal payments, which in recent years have averaged approximately $75 millions annually.

To this should be added an annual sum, amounting at present to between $25 and $50 millions, being the excess derived by the United States from dividends on investments in Canada over dividends from investments by Canada in the United States.

The United States investments in securities issued or guaranteed by the dominion and provincial governments is estimated at $1,218 millions. During the depression there has been no default in the payment of interest or principal on any of those issues, even in face of the discount on the Canadian dollar which continued from the latter part of 1931 until late in 1933. Interest payments have been, of course, a continuing charge, the real burden of which has increased with the decline in prices. The strain on Canadian economy has been heavy, and it has only been borne by the adoption of special measures for the equalization of exports and imports.

Right there I will point out that that had to do with the very dumping and other measures to which I have referred. We can maintain our position for the equalization of exports and imports only by special measures. I continue:

(c) Freight Charges.

Since the war, net freight payments have been favourable to the United States to the extent of between $25 and $50 millions annually, and this substantial sum remains a debit item against Canada.

(d) Tourist Expenditures.

The expenditures in Canada by visitors from the United States have been by far Canada's largest annual credit item. Canadian authorities estimate that the net balance on this account has been as high as $188 millions in one year, but since the depression the net Canadian surplus from this source has sharply declined, and amounted only to $60 millions in 1933.

If we adopt what Mr. Fielding felt he could not adopt, and what successive ministers of finance felt they could not adopt, namely, a provision to enable Canadians to bring back $100 worth of goods from the United States, even twice a year, that item will disappear entirely so far as these favourable factors are concerned. It is estimated that not less than fifty or seventy-five million dollars worth of free goods will enter Canada and to all purposes will constitute a Canadian payment to the American union. I continue:

(e) Gold Shipments.

In some measure, Canada has been enabled to meet the adverse balance of payments through the development of the gold mining industry and the shipment in recent years of practically all the new-mined gold to the United States. According to the figures of the Federal Reserve Board, the United States received a net balance on this account averaging $50 millions a year in the five years 1929-1933; in the first eight months of 1934, gold valued at $64 millions at the new valuation was received from Canada, an amount practically equal to the Canadian gold production during the period. Production in Canada has increased substantially during the depression, and its value in the United States has been enhanced by the reduction in the gold content of the United States dollar. It is impossible, however, to expand production rapidly. Even if the entire Canadian production were shipped to the United States, it would still be insufficient by at least 25 millions annually to meet the net interest payments due in New York. Further, it may not be found possible to continue the shipment of the entire Canadian gold output to the United States.

In other words, we may require it here. I read:

(f) Capital Movements.

It may be stated, in general terms, that in recent years the net Canadian credits from tourist expenditures and gold shipments have offset the net debits to the United States from interest, dividends, and freight, while the adverse Canadian balance on commodity trade has been met by the net movement of capital from the United States to Canada. Capital has moved both by new long-term investments in Canada and by the purchase of existing Canadian securities. In 1931 the flotation of new capital issues in New York virtually ceased, and the meeting of Canadian obligations in the United States became much more difficult; in fact, it was necessary in some instances to raise capital in Canada and transfer it to the United States to meet maturing obligations there. A reduction in imports therefore became urgently necessary if Canadian obligations were to be promptly and fully paid at maturity. The fall in commodity prices, the decline in Canadian exports to the United States, which was accentuated first by the United States Tariff Act of 1930 and later by the imposition in 1932 of a heavy tax on imported lumber, the discount against the Canadian dollar, and the heavy falling off in tourist expenditures, combined to make the situation still more difficult. Most of the factors responsible for this difficult situation still persist.

There has been a lessening of the movement of capital from the United States, and one of the reasons is the very one I referred to in connection with the Ontario situation. In fact, it is well known that the representations made by those who represented investments in this country of substantial sums of money, evidenced by securities which they had distributed over every part of the American union, are having a very considerable effect upon the willingness to bring further capital into this country. I continue:

Since the beginning of the depression, amongst countries heavily indebted to the United States, Canada stands almost alone in having promptly discharged in full its obligations payable in the United States. If this record is to be maintained, it is clear, in view of the uncertainty as to international capital movements, that the exports of Canadian goods to the United States must be increased or the imports of goods from the United States into Canada decreased.

It should be realized that certain formidable obstacles to the lowering of tariff barriers now prevailing in other parts of the world are not present between the United States and Canada. The opportunities of a new continent have resulted in a parallel economic and social development almost without precedent. Standards of living and working conditions are similar on both sides of the international boundary. The measures of protection which each government has imposed against the products of the other country have not been determined by a desire to exclude the products of cheap labour. In these difficult times, countries seeking to maintain high domestic standards of living have a common interest in expanding trade with each other. For the past year, also, the Canadian dollar has been close to parity with the United States dollar, and the disturbing effects of exchange instability have in large part disappeared. Even if the desired general revival of international trade should still be delayed for a considerable period, there is much to be said in favour of an immediate attempt to increase the volume of commerce between these two neighbouring countries, whose traditions and ideals of social and economic progress are so alike.

As I pointed out a moment ago, and as I repeat again, we were able through the efforts we made to reduce the adverse balance against Canada in commodities to $34,000,000 at the end of December, 1935, and after creating $95,000,000 of gold, there was a balance in our favour of about $60,000,000. I continue:

Attention has been directed to the trade agreements between Canada and the other members of the British Commonwealth of Nations signed in Ottawa in 1932. In some quarters the statement has been made that these agreements render difficult the negotiations of a comprehensive and effective trade agreement between Canada and the United States. An examination of the facts will demonstrate conclusively that such is not the case. The agreements concluded at Ottawa in 1932 have been of immense importance in increasing the trade between the several Nations of the British Commonwealth. The market of the United Kingdom in particular has been a most valuable outlet for Canadian products. In return for the market thus assured Canada has continued and enlarged the preferences which had been accorded the United Kingdom since 1897. The Ottawa agreements do not, however, preclude and in fact have not precluded the signatories from offering extensive and valuable tariff concessions to other countries, and it may be stated positively that

the government of Canada is free to enter into an agreement with the United States covering a wide range of products.

The government of Canada is prepared to join the government of the United States in a declaration that their common objective is the attainment of the freest possible exchange of natural products between the two countries. It is recognized that this objective cannot be attained in the immediate future, as important interests in both countries would be disturbed unduly by the sudden removal of existing tariffs on all natural products. The government of Canada would therefore favour, as the first step, the reductions included in the proposals set out in the next paragraph, to be succeeded by progressive mutual reductions in the duties on natural products, leading to the attainment of the declared objective.

I am authorized to put forward the following outline as a suitable basis for the negotiation of a trade agreement:

(a) A mutual undertaking to maintain during the lifetime of the agreement the unrestricted free entry of commodities now on the free list of either country.

(b) The mutual concession of tariff treatment as favourable as that accorded to any other foreign country; this means that Canada would extend to the United States its intermediate tariff involving reductions from the present rates of duty on some 700 items, including both natural and manufactured products, together with a number of further reductions below the intermediate tariff rates through the extension to the United States of concessions made by Canada in trade conventions with foreign countries.

(c) The reduction by 50 per cent of the existing United States rates of duty, as authorized by the Tariff Act of 1934, on a specified number of natural products, including inter alia, lumber, fish, potatoes, milk and cream, and live cattle; a number of other agricultural products, and several minerals both metallic and non-metallic.

(d) The reduction of the existing rates of duty by the United States on a number of partly or wholly manufactured products of Canada, including some processed natural products and certain products in which hydro-electric power comprises an important element in the cost of production.

(e) The reduction of the existing rates of duty by Canada on a number of natural and partly or wholly manufactured products of the United States.

In view of the declared policy of the governments of the United States and Canada to improve existing trade relations, and of the progress already made in both countries in the necessary preparatory studies, there would appear to be no barrier to the immediate initiation of negotiations and their speedy conclusion. I am desired, therefore, to request that I may be furnished with a statement of the views of the government of the United States on this highly important question.

I have the honour to be, with the highest consideration, Sir,

Your most obedient, humble servant,
(Sgd.) W. D. Herridge

The Hon. Cordell Hull,
Secretary of State of the United States,
Washington, D.C.

[Mr. Bennett.]

I want to point out, sir, that I place that upon the records of Hansard in order that it may be there.

An hon. MEMBER: What is the date?

Mr. BENNETT: I gave the date; it is November, 1934. I place it on Hansard because it furnishes the basis of the negotiations that were carried on by the last administration. We did not promise to give them anything nor did they promise to give us anything, but we did say, "Here is the basis for negotiations"; and when we found—and I want to make this abundantly clear—that we could not secure what we believed to be only a very moderate compensation for what we were asked to give, we declined to give it. Let there be no misunderstanding about that. We had settled questions of lumber; we had settled many other questions; but do you suppose for a single moment that any government in Canada is justified in giving the favoured nation treatment and the intermediate rates to the United States without the entry into their market of Canadian fish from the Atlantic coast? Does anyone suggest that we are justified in doing that? And yet that is what has been done, except as regards skates, and, I think, one other brand of fish.

Take agricultural products; take dairy products; look at the rates of duty provided for in the agreement, and we will discuss them item by item when they come before the house. I want to make clear only one thing, namely, that for what we could get we were not prepared to give what was asked. That is the story, stated in that simple sentence; and that is the reason I have read this, so that there might be no misunderstanding as to the basis of the negotiations on the broadest possible foundation, comprising everything. We were not prepared to see every treaty we made with twenty-three countries enuring to the benefit of the United States unless we obtained a quid pro quo that was worth while.

The Postmaster General (Mr. Elliott), in the speeches delivered during the campaign, said that the President of the United States would not negotiate with the Bennett government, and the Prime Minister of this country said that he would negotiate a treaty in ninety days. Does that mean that they had an arrangement that no agreement was to be made with that government, or does it mean this—

Mr. MACKENZIE KING: Shame.

Mr. BENNETT: I beg your pardon?

Mr. MACKENZIE KING: I say "shame" to the right hon. gentleman when he insinuates that a government with which he was dealing would enter into such an arrangement with another government.

Mr. BENNETT: That is what I am trying to say.

Mr. MACKENZIE KING: And I say, "Shame."

Mr. BENNETT: The shame lies with the Postmaster General and the Prime Minister, as I am going to show, who went round the country making these statements. He said, "Put me in office and I will negotiate it in ninety days"; and the Postmaster General said, "Mr. Roosevelt will not make a treaty or a bargain with Mr. Bennett." That is what he said, as reported in the journals of the country. I ask this question: Did he make that statement by reason of having any arrangement with the United States government or anyone connected with it.

Mr. MACKENZIE KING: Shame.

Mr. BENNETT: If he answers no, then why did he make it? Is that fair political warfare, to have the people of the country believe he had an arrangement whereby, if he came into office, he could negotiate an agreement in ninety days? He did it in much less time, as I shall point out. The Postmaster General said, "We can do this, but he will not enter into a bargain with Bennett." Well, let me point out that during all that time the government of the United States was urging that, even though an election was pending, we should carry on our negotiations; and I decline to believe that the government of the United States was a party to any arrangement that would reflect upon itself. I say, shame; I agree with the Prime Minister; but the shame is to those who went about the country and tried to induce the people to believe that the United States would not carry on negotiations with the Conservative government of the day, but that there had to be a change of government to make a bargain with the United States. That is what I say.

I want to make it clear that under no circumstances was the late government prepared to enter into the agreement in question. I was not prepared to sacrifice Canadian ports; I was not prepared to sacrifice Canadian fishermen; I was not prepared to sacrifice the dairy products of the country to the manufacturing interests of the United States, and I am not now, nor do I believe the Canadian people are. I have it at least from one man, an ex-member of parliament,—well, one should not quote men without names, so that we will leave that by the way. What is thought of it by persons, by newspapers in the United States or in Canada, is not the issue. There are in this agreement many things which represent arrangements arrived at necessarily by the late government; for no government could negotiate an agreement in forty-eight hours. There are may items that are advantageous to the United States and to Canada; there are mutual benefits, mutual advantages; there are provisions that are helpful to Canada and to the United States. But you have to decide on balance, and the government with which I was associated decided, on balance, that we could not make that bargain. I will not go into details—magazines, manufactured products, the effect upon the income of the railroads of the country, fruit and vegetables. Already in western Canada commercial representatives of the manufacturing houses of the central west are offering their wares, prepared to pay the duty at the reduced rate, because the freight rate from central United States into western Canada is only one-third what it is from eastern Canada.

There you have again the old story of the struggle between east and west and north and south, the question whether we shall succeed in developing a Canada or not. Are the fishermen on the Atlantic to be sacrificed along with the dairy producer, the vegetable producer, and all these others that we will take up in detail when the schedule is before the house? On balance, I say, I was not prepared to ask that the government of Canada should agree to any such bargain. The favoured nation treatment and six or seven hundred items of the intermediate tariff were matters of such gigantic importance to the United States that I felt they should pay and pay handsomely before they got such an advantage; and if they got it without paying handsomely, it would be sacrificing the interests of Canada to a mere chimera. I was not prepared to do this, because on balance this bargain is against my country. It is against Canada; it is against its development, against its economic integrity, against its future, against everything we have builded all these years, the thing we have toiled and sacrificed to create. And I am sure that hon. members within sound of my voice will have reason to realize how true that is if they take these items schedule by schedule, item by item, studying every phase of the subject.

An agreement thus arrived at—fancy! Just a few hours and it is all over. My objection to Liberal policies in this country has been and is to-day that, unfortunately, they are

concerned with the event of the day and not with the implications of their acts. I could give two or three illustrations, but I will not do so at length. One is the railroad situation. A third transcontinental came into being under circumstances that brought great glory for the moment, loud cheers, and a vast expenditure of public money. Look at the record and see the amendments proposed by Sir Robert, then Mr. Borden. The implications were not considered; he dealt with the implications; they considered to-day; that is all. Sufficient unto the evil is the day thereof. Take the western provinces—

An hon. MEMBER: Sufficient unto the day—

Mr. BENNETT: I put it, in this instance, the right way, not the way it is put in Scripture.

Now let me go a step further. I will give you a second illustration. What about our western provinces? In 1905 they came into being, and they were given a grant of money in lieu of their resources. Now look at the statute. I remember one who appeared at this interprovincial conference not long since, who said, "What do we owe to posterity? What we need is money." The immediate moment! And yet hardly had they come into being than day after day they began to feel crippled by not having their resources, and agitations were carried forward just as I pointed out they would be, that one day they must get their resources. What happened? They gave over to the provinces their natural resources in their entirety, with their subsidies as well, so that other provinces of confederation claimed that they had not been fairly dealt with; and the province of British Columbia received an interim grant of $750,000 to bring it to something like the same position as the other provinces. Not content with that, for the immediate moment, for the election moment, $4,000,000 was paid to Manitoba for the purpose of putting it on an equality with other provinces of the confederation. And then, not only were Saskatchewan and Alberta given their resources, and money in lieu of them; they were given a reference to an arbitration to decide how much they should get for the time when they did not have them, but during which they had the money. They got an award in their favour. Then you had the province of British Columbia complaining and you had the provinces by the sea complaining, and not improperly, because the government of the day had not considered the implications of their act. They were content with the choice of the day, the spoils of the day, in the way in which it brought strength and power for the moment in a general election. But the implications are there.

Here is a treaty, a trade agreement made in a few hours. They say: We were going to finish it in ninety days, and we did it in a few days. The very references of the Prime Minister are not to the terms of the agreement, but: We have been in office only a few days and look at what we have done; we have signed a trade agreement. The mere signing of the trade agreement was not a matter of importance. The matter of importance is: Was the agreement in its implications favourable to the Dominion of Canada? It is not pride in having done something in a day, or in having done something in an hour. A child may destroy in a minute a most complex piece of machinery, a watch that might take a man a week to build. Do you pat the child on the back because he can destroy the watch with a single stroke? He does not think of the implications of his act. Here we have a trade agreement, unbalanced, as I have endeavoured to show, highly detrimental to the highest interests of this dominion. Not only will it be found to be distrastrous in its operations, but it sows seeds of discord instead of promoting harmony in this dominion. Here you are, with great channels of trade that were built with such effort. I think of the taxes people have borne to establish channels of trade, east and west, but now we are going to supply these wants with a cheap rate from the western United States, where the big factories are, to western Canada, and we can look in vain for traffic. That is one side of the picture.

I wonder, Mr. Speaker, whether hon. members realize how difficult it is for one, who as the head of a government might get some credit for negotiating an agreement which the other party was willing and ready to make, so far as I can ascertain from the statements made, not to do it, even though an election were pending, because he felt he dare not do it and be fair to the country in which he was born. I will admit that it is a nice thing to have the duty on lumber cut in two. Of course it is. I will admit it is a good thing to be able to sell Scotch whiskey four years old at a lower rate of duty. This will increase our trade balance for the moment. I will admit all that. But when I think of the fisherman who is not allowed to compete with the trawlers of Gloucester except on a basis that amounts to prohibition, although they both fish on the Grand Banks of the Atlantic ocean; when I think of the dairy producers in this country, unable to sell their cream, milk, or butter except on a basis of eight cents a pound

duty to be overcome, eight cents of prohibition, as everyone knows; when I think of many, many other items that I might mention to this house now, but that it would be undesirable to do, perhaps, in view of the discussion that must take place, I can only say that on balance this treaty is disastrous to Canada.

On one point I mentioned, about magazines, I have a strong feeling, because of those unconscious influences that mould the character of a nation, that make the character of a people. We had to some extent stopped their sale; it had been reduced by one-half. The revenues had been added to by this duty where the advertising was more than 20 per cent. The standard of our magazines had been improved; the price had been reduced. We were getting a national consciousness. Who, listening to a broadcast, does not realize that there too is an unconscious influence that makes for a national character? What a difficult time, sir, in endeavouring to build up a nation! Yet, with one, just one stroke of the pen, after a few hours' consideration, all this is forgotten; the long struggles to maintain relations between east and west over that dismal area north of lake Superior are all forgotten. Now watch the progress. All you have to do is to read the speech of Mr. Hull, Secretary of State of the United States, on that point, and you have no difficulty.

I will not now deal with the effect upon our industrial life of the Japanese arrangement; I will do that also later.

As to the railway problem, I do not propose to say more than this: it is quite clear to me that the Minister of Railways (Mr. Howe) has not grasped the provisions of the act under which the trustees operate; if he had, he certainly would not have made the speech he did. It is an elementary rule that when a private corporation engaged in the operation of railways does not meet its bond interest, applications are made to the board to appoint a receiver; the receiver no longer pays interest on the bonds, nor dividends; he accumulates the money for the purpose of bettering the financial structure, and then in due time a reorganization may take place. Now, the Dominion of Canada was behind the bonds of the Canadian Northern Railway; it had endorsed its guarantee upon them, and the provinces had done likewise. I wonder how many hon. members realize that if the provinces of Canada had to pay their guarantees that we now have accepted, those who had guaranteed in the west would be entirely bankrupt. We are paying the entire guarantee in British Columbia on the Canadian Northern. We are paying the entire guarantees on the Grand Trunk, Grand Trunk Pacific and Canadian Northern in Alberta, Saskatchewan and Manitoba. In Nova Scotia we are paying on the Halifax and Southwestern, and in New Brunswick we are paying on the section that runs through the centre of that province. How many have paused to realize what that means to the taxpayers of this country? When we were confronted with that situation, Mr., now Sir Edward Beatty, and the late Sir Henry Thornton thought it desirable that a commission should be appointed to investigate these matters, to investigate what might be done on the one hand to save from receivership the one privately owned road, and on the other to reduce the operating losses, the national losses I should say. This commission that was appointed, comprising as it did the ablest men available, presided over by the present chief justice of Canada, with Lord Ashfield, who was the leading authority upon transportation in Great Britain, went west.

When they made their first trip west they realized that the amalgamation of these roads, in the sense in which that term was used, was an impossible thing, and they advised methods and means whereby there would be the benefits of receivership from the standpoint of the properties themselves and, on the other hand, the closest possible relation between the government and the operation as far as finding capital was concerned. Had it been a private enterprise and that private enterprise had defaulted, the sale by the receiver of receiver's certificates would have provided the necessary money to run the road. So year by year the trustees asked this government or whatever government might be in power to find for them the money that otherwise would be found through receiver's certificates to enable the road to function until such time as conditions improved.

Naturally the one great object this commission had in mind was to divorce the operation of the railways from politics, not politics in the narrow sense but politics in the broad sense, to divorce the road from the pressure, as the situation was put by one of the English members of this commission, that is exerted for the purpose of inducing railways to yield to communities for special reasons, a branch line here and a branch line there, the pressure of a member here and of a member there. All these things were to be overcome by the appointment of a small commission that would take the place of any receiver on the one hand and be free from the exercise of political control and pressure on the other.

I think the minister has misunderstood the purpose of the act. That was the purpose. He is now going to modify and change that into some other system, one similar to that condemned by the commission. They said that it was no longer possible to operate successfully under the conditions that then obtained. I am not going to do more than await the legislation, making this short statement because I do not believe the minister has thoroughly appreciated and understood what has been said.

Then with respect to the creation of parliamentary secretaries, there is nothing new in that; it was done here once before. We had parliamentary secretaries here in this country, in this parliament. When Sir Robert Borden asked Sir George Murray to come here and make a report, he did so; he reported in favour of parliamentary secretaries and they were appointed. I recall this very vividly, and I recall the result. Somehow in this country, under the conditions that exist, it will be found that they will not function successfully. That is the experience of the past and I do not think times have changed in that regard. I wish it were otherwise, because personally I favoured such a system at that time and I favour it now if it were possible to make it work out successfully, but I am afraid it will not for reasons that are known to many members and that must be known to those who have studied conditions as they existed at the time it was tried.

I congratulate the Prime Minister and the government upon the consolidation of departments. With all deference I suggest to the government that the Department of Transportation had better be called the Department of Communications because it will deal not only with transport but also with broadcasting and wireless communications. The bill I had drafted contemplated the creation of a department of communications and that that department should deal with railways and canals, marine, radio, wireless and certain features of post office work that, as hon. gentlemen know, now come from abroad to that department in connection with broadcasting and communication of that kind.

Mr. LAPOINTE (Quebec East): Civil aviation.

Mr. BENNETT: I was coming to that. The other matter we thought should be dealt with by that minister was civil aviation, and in the bill I prepared I suggested the name should be the Department of Communications as being more in keeping with the functions the department would discharge. Any knowledge I have is available to the government should they desire to make use of it. I congratulate the minister on having given effect to that at once, because I say to him and to this house that if he had not done it at once he could not have done it at all. I learned by experience, in my effort to do it, that it would be possible to carry out that plan only immediately after an election. For the same reason I congratulate the minister on having dealt with the harbour commissions as he has. During my unsuccessful efforts to deal with that question in that way I realized that the only method by which it could be dealt with was to do it right away, at once. Then it is an accomplished fact, and as an accomplished fact it is res ipsa loquitur. At any rate I do congratulate the government and I assure them that in my judgment at least they have accomplished a very much needed reform. I believe the country will be the better for the consolidation of these services.

I may tell my hon. friends that the order in council had been drafted consolidating Interior, Mines, Immigration and Soldier Settlement in one department. From the information I received and which we all obtained, it was believed that the Department of Labour might deal with one branch I have named with more effect than could any other department, but at the time of dissolution we had arrived at no conclusion as to how the departments could be best divided in the public interest. At any rate this is a step in the right direction and in my judgment cannot but be useful.

I think the reference to the reduction in the number of ministers is hardly in keeping with the rest of the speech from the throne, for at the time the ministers without portfolio were appointed it was known that a reconstruction of the government would take place after the election.

Mr. MACKENZIE KING: They were just for election purposes?

Mr. BENNETT: No, not for election purposes but for the purpose of making it clear that they were men of capacity who would be available when the time arrived. It was for the same purpose, I take it, that the right hon. gentleman had recourse to somewhat similar methods on previous occasions.

There is one other matter about which I should like to speak, even though I may trespass unduly upon the time of the house. There is some fear being manifested in many quarters with regard to the administration of justice. The heated debate that took place in this chamber in consequence of the

Regina riots is not beyond the memory of many who sit here to-night. Then, after that, certain legal proceedings were taken and certain men were sent up for trial, with a preliminary hearing before a magistrate. In the meantime one of them, Mr. Evans, and others met together and concluded that they would petition the premier of Saskatchewan, the present Minister of Agriculture (Mr. Gardiner). So local citizens' defence committees sent out requests that each man should sign a petition to the hon. gentleman saying:

> I have been circularized by the Citizens' Defence Committee, of Regina, acting on behalf of the 38 arrested relief camp strikers now incarcerated in the Regina jail, on charges arising out of rioting at Regina, July 1st, to impress upon you the need for the immediate setting up by your government of a representative commission to investigate and place the blame for that affair.
>
> I do not concur with the citizens' committee of Regina on the above, nor on their further proposal, that any and all trials on charges arising out of the Regina riots should be postponed, pending the findings of the above mentioned commission.

That was widely circulated by this citizens' legal defence committee, which made striking charges against Mr. Guthrie, Minister of Justice at that time, and myself. The result was that after the defeat of the late government the provincial government at Regina set up a commission consisting of three judges, though our Judges Act does make reference to the fact that the dominion, having paid their salaries, has something to say about the matter.

Mr. GARDINER: They were set up the day after the riots.

Mr. BENNETT: Yes, they were set up but they did not function until later. Now what has taken place? I have been in western Canada; for some time lately there has been a great deal of concern among thoughtful people—not the vocal people—as to what all this means. Here are three judges holding an investigation into a matter that has been referred in part to the courts. There is no reason why any province should not hold an investigation if its sees fit as to how its officers have discharged their duties or how other work has been done within the ambit of their powers. Chief Justice Brown refused to permit evidence to be given as to where the $500 came from that Evans received, and that is quite a substantial sum of money.

An hon. MEMBER: To some people.

Mr. BENNETT: Yes, to all of us. He refused to permit that to be gone into. But this strange thing has happened; there has been called into that box a man, one of these trekkers, and he has sworn that he saw a mounted policeman smashing the head of Miller, who died. This is not a trial. Now what sort of trial are you going to have? Did you ever hear of an investigation of that kind while trials were pending? I can understand an investigation with respect to the circumstances leading up to it or with respect to it. Mr. Evans was in Calgary while this commission is still sitting, and it now threatens to go to British Columbia and Alberta to investigate matters that certainly are outside the province of Saskatchewan and beyond the commission's powers. It has now been sitting for many days; the whole morale of the police has been visibly affected, and the sentiment is abroad that justice is becoming political, which is a terrible thing. It is something I hoped we would never have happen in this country.

In that connection there is another matter to which I must refer, of which I read in the press of Ontario. Only a few days ago there appeared a report that the Minister of Justice had referred to the court of appeal the question whether a new trial should not be granted with respect to a matter that had been disposed of in 1925, I think, or thereabouts. There is one thing that I think we should be able to say, namely, that there is finality about justice in this country. This case has been before successive ministers of justice; it was made an issue in a provincial election and much talked about, but in the report made by the Department of Justice while the present minister was the minister, it was stated that any interference would be "a lamentable miscarriage of justice." Certainly the last Minister of Justice arrived at that conclusion, and certainly with my trifling knowledge of law I was wholly of his opinion. It does seem to me that to have in various provinces of this dominion the impression that there is uncertainty—

Mr. LAPOINTE (Quebec East): Will my hon. friend permit me to interrupt? Does he think it is right to discuss this matter when it is before the court of appeal of Ontario and when on that account I cannot very well speak of the matters which forced the decision which was reached?

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: The hon. gentlemen who applaud most loudly are of course least familiar with this matter. The Minister of Justice doubtless heard me say this afternoon that matters which are sub judice I do not desire to discuss. There are a great many

things I would say if I did so desire. I have not even mentioned names; I have not discussed the merits of the case; I have discussed the principle of a reference being made by the minister, which is all I can do now. It is now before the court; what the court may or may not do, I am not going to discuss at the moment, but after the court has given its decision I think a discussion may be very desirable, in fact may be absolutely essential in the public interest. That is all I have to say with respect to that matter.

There remains one other matter that I cannot pass without some short reference, and that is the allegation made by the Prime Minister that I endeavoured to deprive or succeeded in depriving Mr. Vincent Massey of his position as minister at Washington. I refer to this with great regret; I do so not only with regret but with something akin to sorrow, because I cannot think the Prime Minister could possibly have appreciated his own position when he made the statement he did. According to the report in the Ottawa Citizen, at Winnipeg on October 11, 1935, Mr. King told an audience that after the Conservatives took office in 1930 Vincent Massey had been recalled from Washington in order that a relative of the Prime Minister could be sent to keep Mr. Bennett in the limelight. That is the statement as repeated in the press. Speaking in Toronto a few nights later I ventured to think that possibly the Prime Minister had confused Washington with London, because of what I shall presently say. But at Montreal the Prime Minister made the following statement:

> Another of Mr. Bennett's statements was a demand for withdrawal of Mr. King's charge that Hon. Vincent Massey had been recalled from Washington in order that a relative of Mr. Bennett's might be appointed.
>
> "The statement I made in Winnipeg I repeat to-night as absolutely true," Mr. King declared.

Now even though it may take a little time I have to read the order in council which was passed on July 24, 1930, by the government of the present Prime Minister. Here it is, P.C. 1684, and it reads as follows:

> The committee of the privy council, on the recommendation of the Secretary of State for External Affairs, advise that the Honourable Vincent Massey, a member of His Majesty's Privy Council for Canada, be appointed High Commissioner for Canada in London from the 23rd July, 1930, under the act, chapter 92 of the Revised Statutes of 1927, in succession to the Honourable Peter C. Larkin, deceased; and that his duties include supervision over the various agencies of the Canadian government in the United Kingdom as described in the order in council (P.C. 330, 10th February, 1922) by which Mr. Larkin was appointed.
>
> The committee, on the same recommendation, further advise that His Majesty the King in respect of Canada be humbly moved to issue Mr. Massey's letter of recall from the United States, and to indicate that Mr. Massey has fulfilled his mission to the entire satisfaction of His Majesty in respect of Canada.

"Fulfilled his mission." Could anything be clearer. That was on July 24, 1930, and the government of which I was the head came into being on August 7 of the same year. But in the meantime correspondence had taken place between Mr. Massey and myself. He came to Ottawa and he represented himself to be the Canadian high commissioner at London. I saw him, heard his story, and he wrote me this letter:

> Batterwood House
> Near Port Hope, Ontario
> August 14, 1930
>
> My dear Prime Minister:
>
> I appreciate your courtesy in arranging our conversation of yesterday in answer to my letter requesting an expression of your wishes concerning my appointment to the high commissionership in London.
>
> I left the legation at Washington and accepted a transfer to London on the understanding that the office of high commissioner was an integral part of our service abroad differing, of course, in its procedure from our foreign diplomatic offices but akin to these in the qualifications of its personnel and in the relation of that personnel to the government which it serves. I now realize that our ideas regarding this are at variance. In our discussion on this subject you were good enough to make clear your view that the office of high commissioner should be held by someone in close political association with the government of the day, and I understood from what you said that you had in mind plans for this post as a result of which my own appointment could no longer stand.
>
> In these circumstances I, of course, at once offered you my resignation from the high commissionership which I now confirm—the resignation to take effect whenever you so desire.
>
> In resigning from this post in our service abroad, of which I have been a member for three and a half years, I should like to say that no one belonging to the service and who has been engaged in its work, could retire from a post in it without a feeling of having been greatly privileged.
>
> With kind regards.
>
> Yours sincerely,
> Vincent Massey.
>
> The Hon. R. B. Bennett, P.C., K.C.,
> Prime Minister,
> Ottawa, Ontario.

He told me he was going hunting, and I did not answer him until September 16, 1930, at which time I sent the following letter:

> Dear Mr. Massey:—
>
> I acknowledge the receipt of your communication of August 14th, and express my regret that absence from Ottawa for a period of nearly two weeks and great pressure of work since my return have prevented an earlier reply. I also recall that you did not expect to return from your hunting trip until this week.

During our interview on Augsut 13th, I informed you that the present Conservative government considered it proper to adhere to the spirit of the statute creating the office of High Commissioner for Canada in Great Britain, and to affirm the policy which has developed under it, by appointing as its representative one who through conviction could fully subscribe to the declared views of the government relating to the conduct of the affairs of this country in Great Britain; and that any departure from that principle could only be justified on the ground of the more effective prosecution of the policies which this government believes should, in the interests of Canada, be maintained and developed.

As it was agreed that you could not personally approve these policies, it therefore followed, in my opinion at least, that they should more properly be entrusted to one who sincerely believed in their effectiveness.

For this reason it has been determined to accept your resignation as High Commissioner for Canada in Great Britain, and in so doing I would ask you to receive the expression of my belief in the high service you have for some years rendered Canada in a position, which from many points of view cannot, as you suggest, be regarded as in purpose essentially similar to the one you now resign.

I may observe that you are in error in assuming that you were transferred from the position of minister at Washington to that of High Commissioner at London. The order in council distinctly appointed you High Commissioner under the provisions of a Canadian statute, and is also the authority for directing that application should be made to His Majesty for your letter of recall as Minister to the United States. Such letter of recall is actually dated the 5th of August last.

Yours faithfully,
R. B. Bennett.

The Auditor General's report shows that Mr. Massey drew his salary as minister to Washington until July 22, and that he drew his salary as high commissioner to Great Britain until the day he was relieved, through the acceptance of his resignation.

In order that there may be no misunderstanding and because the exact dates of these occurrences become perhaps of some importance, I believe I should give those dates. I find that Mr. Herridge was appointed to the position on March 7, 1931, and I believe that information makes the record complete.

I regret having to make these observations this evening, but in view of the certainty with which the right hon. gentleman spoke it does seem somewhat difficult to understand why he should have persisted in it. I turn to the report of the Auditor General for the fiscal year ended March 31, 1931, Volume II, Part E, page 6 dealing with vote-credit 240, Canadian representation at Washington. Under this heading it is shown that the Hon. Vincent Massey, at $12,000 salary, drew from April 1 to July 22, $3,709.68. Then, on the previous page under vote-credit 239, high commissioner's office, we find that from July 23 to September 16, at the rate of $12,000 he received $1,823.65. Incidentally, his moving expenses were paid, the cheque being issued for that after the termination of his arrangements with our government. He had moved his furniture before the date in August on which he saw me in Ottawa. I mention that because I hope the right hon. gentleman will realize there was an error and that we had nothing at all to do with displacing Mr. Massey. He vacated that post, and the present Prime Minister had asked His Majesty the late King to signify his pleasure, on the basis of Mr. Massey having fulfilled his duty. Of course a recall letter is never presented until the new minister takes his place. The minister may have died, or he may have filled a dozen other offices, or he may have gone to St. Petersburg. The actual presentation of the letter takes place when the new man steps in, as was done here when Mr. MacNider was succeeded, and as was done even more recently, in the case of the United States. I mention this matter in order that there may be no misapprehension with respect to what might be thought to be, shall I say, an effort on the part of the leader of the late government to dispose of the services of Mr. Massey at Washington.

There is one other matter about which I should like to speak, one which is personal in a sense. Allegations have constantly been made, and I have not answered them, that the late government was a one-man government, and that there was no discussion in council. Well, for the information of the ignorant—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: —of hon. members, I should like to point out that I have taken the trouble to ask the clerk of the privy council for a record of the number of council meetings held during the term of office of the late government and that of its predecessor. Upon receiving that information I find this:

Date	No. of meetings
25th Sept. to 31st Dec., 1926	30
1st Jan. to 31st Dec., 1927	117
1st Jan. to 31st Dec., 1928	141
1st Jan. to 31st Dec., 1929	136
1st Jan. to 7th Aug., 1930	92
Total	516
7th Aug. to 31st Dec., 1930	73
1st Jan. to 31st Dec., 1931	238
1st Jan. to 31st Dec., 1932	248
1st Jan. to 31st Dec., 1933	201
1st Jan. to 31st Dec., 1934	207
Total	967

In 1935, up to October 21, there had been 188 meetings. It is easy to say that at those meetings the opinion of one man prevailed. The oath of office prevents anything more than merely stating that those meetings were called to discuss with and to make known to every member of the council every matter affecting the conduct of government in Canada. I should like it distinctly and clearly understood that I occupied the position of president of the privy council, the same as does now the right hon. gentleman opposite. As the recommendations of ministers pass through the hands of the president of the council and as he submits them for the judgment of his colleagues and asks his colleagues who make the recommendations to indicate what is involved, if he has any training as a lawyer or as a business man he becomes familiar with every department of the public service. Reading the orders in council submitted by my colleagues, reading their submissions and orders based upon them, I was familiar with the conduct of business in every department of the public service. Perhaps I owe something of that to my training, but so far as the conduct of departments was concerned there never was a time in this country when there was greater freedom on the part of those conducting departments, or a time when men enjoyed greater latitude or greater opportunity to make their views prevail than during the term of office of the late government. The late Sir Richard Cartwright said of the government of Sir Wilfrid Laurier, "We fought like blazes." Perhaps many of those who heard Doctor Dafoe on Saturday—I was not in town—will remember that at page 333 of his book on the life of Clifford Sifton he makes this statement:

"I was not Sir Wilfrid Laurier's colleague for eight years without finding out that he is, despite his courtesy and gracious charm, a masterful man set on having his own way, and equally resolute that his colleagues shall not have their way unless this is quite agreeable to him. I had a good many experiences of the difficulty in getting my policies accepted and acted upon where they did not make a special appeal to him; I should perhaps never have been successful in giving effect to some of the things upon which my heart was set if I had not had in the cabinet three or four associates who backed me up, and whom I in turn backed up. At that 'with a smile and a laugh that was in part a chuckle,' the old chief was very frequently too much for us all. These colleagues upon whom I relied, are gone: If I went back now I should be pretty much alone. Upon that basis I'd be more useful to Sir Wilfrid, who doubtless has definite ideas of the services which he can command from me, than I should be to the causes and policies which alone reconcile me to public life. The situation, I am sure, would become impossible for me in a short space of time. But if Laurier will take in some new timber—men with fresh ideas with whom I can work and upon whom I can rely for cooperation—I shall be willing to take a chance. Not otherwise."

I mention that merely as indicating that even in the days of Sir Wilfrid Laurier there were those who felt that a prime minister must necessarily exercise some power with respect to the government over which he presides, but in connection with any matters in which I have been engaged there has never been a time when men have not had the greatest latitude to urge their opinion. Usually my own opinion was the last expressed with respect to any matter that had to be considered in council. But this I will say: I doubt if at any time, reading from history, remembering the letter of Sir John Macdonald as to the relations that existed between George Brown and himself, and the letters indicating the differences of opinion between Chapleau and Langevin, there ever were men who were bound together by a finer sense of common good, mutual loyalty and confidence than those who made up the late government, with of course one single exception. That is the position which I desire to make known to this house. I have been content to do nothing and to leave it at that during all these years, but the time has come when in fairness to my colleagues I must make some observations.

There was another matter that I must deal with, because it touches the national life of this country. It was said, not alone by hon. gentlemen opposite but by others as well, that Mr. Bennett was a man of wealth and, therefore, it was undesirable that he should occupy the position he did. I want to say something to the younger men. I have been more concerned about the young man in public life than any other person. Why? West of the lakes the men in the new communities usually have not much money. They commence to make for themselves a career at the bar, or in medicine, or dentistry, or business, or some other walk of life. They are drawn into public life and if they yield to the temptation very often they find themselves in middle or old age dependent upon public subscriptions of unnamed persons or of persons whose names are whispered to them, or to the guarantees of people that they will receive a given salary if they occupy an official position. Being dependent upon these things is of course ruinous to the whole body politic. Who will forget Morley's Life of Cobden? Who will forget the effect of Cobden having received £80,000 in the one case and £40,000 in the other? Who will forget when Lord Oxford and Asquith received that guarantee of an annual income? It was insisted that the names of the men who

furnished it should be given to the press, and that list contained the names of at least three Canadians who had contributed to that end. Who will forget the time when Sir Wilfrid Laurier accepted a motor car from Lord Strathcona? He insisted that it should be stated in the press that he had received a present of a motor car. When the car was burned a statement was made that a new car had been presented by Lord Strathcona. I mention this because it is an intolerable thing. In my own case I might have been in public life much sooner than I was. In 1904 I had to make a choice between accepting the nomination for an almost certain seat and continuing my profession and accumulating a competence that would enable me to be independent if I were in public life. I remember that they adjourned the convention twice, but I declined the nomination. I remember that I then had the nucleus of a very small fortune, and between that time and the time I actively entered politics I accumulated sufficient to enable me to be free from the haunting fear that men have as to what is to become of them when they grow old after they have been in public life and find themselves defeated. On the one hand they may have sufficient means to enable them to discharge their duties without fear, while on the other hand they have the fear of having to appeal for alms. I say that it is wrong to have to make such an appeal, and we should encourage men of money and of worth to find for themselves an opportunity to make their contribution to the public life of Canada. I have to say this once more: Nothing has been of greater use and value to me in my effort to serve the state than the knowledge that I was entirely independent of any influence that might surround me. I make that observation because it is important that it should be known.

This raises one other issue, with which I am done, and that is: what is to happen to our own national bank, our own Bank of Canada? I knew at its formation as I had never known before of the pressure of politics upon a government with respect to an organization of that kind. I gave then to the committee and I gave to the house the reasons that induced me to act as I did, although I had not that opinion when I started to make this organization. The fact that this is a privately owned institution has nothing to do with credit in any sense, but it has to do with whether or not political considerations, geographical considerations, racial considerations, religious considerations and last of all, meritorious considerations shall be of value in determining who shall occupy positions in the bank. I do not know what the purpose of the government may be in the reference that has been made to dealing with the national bank, but I cannot forget what the right hon. gentleman said, and with my approval, when he was dealing with a resolution moved by the hon. member for Winnipeg North Centre (Mr. Woodsworth). He said:

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

It is true the subamendment was somewhat wider than the reference in the speech from the throne. I know how strong are the views of some hon. members that the ownership of the bank should be in the crown and not in individual proprietors, even though we have safeguarded it in the way in which we have. I respect their reasons, but I certainly think that on analysis it will be found that these reasons are hardly ample to justify the conclusions at which they arrive. I know that that is not what is in the minds of most hon. members. They think of credit, and they think that this bank in the hands of the government is going to give them credit. Let us have that point cleared up. Let the government make it clear that a change of ownership of the bank, if that is what is contemplated, does not mean that money is to be handed out as credit to any one who may ask for it, or that the credit facilities are thus to be made available to every person in the country. I am sure that there is a misapprehension on the part of the country with respect to this, a misapprehension that should be cleared up. I do not believe and I cannot bring myself to believe that the government contemplates any such proposal as that, or any such proposal as

that which may be read into the speech of the right hon. gentleman delivered in February, 1933, or which may be read into the declarations made by his followers in various parts of the country. If it means what many think it does mean, that the government is going to hand out money to all those who apply for it, I can hardly credit it. However, I am sure that that is not in the minds of the government at this time. I mention this point only at this time because it was referred to in the speech from the throne in certain terms. I can only say that of all the national banks that exist there are only six that are publicly-owned, and I happen to know that, with respect to one of them, the wish is that it were not so owned. That leaves but four, and I do not think we desire to learn much from the countries in which those four are situated. We will discuss that in due season.

I have not made reference to what the hon. member for Parry Sound (Mr. Slaght) said with respect to that paragraph in the speech in which His Excellency the Governor General so delightfully informs Canadians that he comes among them to live for the purpose of enjoying himself and, I trust, of being of great value to them. I do not think anything I could say would add to what was said by the Prime Minister (Mr. Mackenzie King) when he welcomed his excellency at Quebec. There seems at times to be great misapprehension as to what our position is with respect to the governor general. I had a letter a few days since from a person whom I thought very well informed, who seemed not to realize that the responsibility for the appointment of the governor general rests with the Prime Minister of the day. He recommends to the sovereign a particular individual, having first requested the sovereign to indicate whether the name of one or two or three would be acceptable to him; for after all the king gives his representative in this country his power of attorney, really, and he has first of all to determine whether or not the individuals who have been suggested for that high honour by his advisers in Canada are worthy of his confidence. Once that is done, it rests with the Prime Minister of the day to determine whom he shall recommend; and in this particular instance it is only well to say that the Prime Minister of the day consulted with the right hon. gentleman who is now Prime Minister and that the appointment of the present governor general, carried not only the recommendation of the then Prime Minister but the approval of my right hon. friend opposite. I am sure that nothing I could say would add to the words used by the Prime Minister when he welcomed his excellency at Quebec. We welcome him as a man who has made for himself a very great place in literature, who had been a member of the House of Commons at Westminster for many years, and who has had wide experience and the benefits of a very fine education. He is a stylist in his writings; he is a student, as evidenced by his Life of Cromwell and his Life of Montrose, and he has a vivid imagination, as indicated by the books to which the hon. member for Parry Sound referred. I am sure that in this country, where he will have ample opportunity for the exercise of all his talents, he will find that response which Canadians always make to those who come among them and enjoy their hospitality, and live with those who have made for themselves a place in the great world in which they live. And the fact that he comes from north of the Tweed adds something to his position at this time in the life of this country.

I desire to make one further observation and it is this: Those on this side of the house for whom I speak to-night are few in numbers; the fortunes of war have brought about that result. As I said in Toronto—and I was greatly misunderstood, for I had no thought in my mind of a national government—I believe the conditions that confront this country to be serious in the extreme. I do not desire to magnify them, but I should be false to my position if I minimized them. But difficult though they are, and incapable, as apparently some of them are, of solution at the moment, I still have confidence in Canada. I do not think, however, that Canada can possibly extricate herself from her present position unless all are prepared to make some sacrifices and to have a clearer appreciation and understanding of what is involved in the issues which we are facing. I hesitate to do this, but even at the risk of being tiresome I will read these words, spoken by the senior partner of Price, Waterhouse & Company, in an address which he made a short time ago, and which I commend to every member of this house:

> England, with less natural resources, has been able to balance its budget during the depression though it has gone further than we have in social legislation because of the broad basis of its tax system and its repudiation of the false notion that the rich can be made to pay the bulk of the taxes. Statistics show that in 1928 England raised a far smaller proportion of its revenue from taxes on income and property, including inheritance, than we did, and that since that time it has made only small increases in the scale of taxation, a large part of which has already been remitted. To-day the highest income tax rate is 60 per cent compared with our 75 per cent and the highest

estate tax rate 50 per cent compared with our 70 per cent. In 1930, the last year for which satisfactory comparisons can now be made, less than 6 per cent of our total federal income taxes were collected from persons with incomes of under $10,000, while England collected about 40 per cent of its total from persons with incomes below £2,000.

These words were spoken by Mr. George O. May, senior partner of Price, Waterhouse & Company, and quoted in the New York Sun. I do not say that they are wholly applicable to our country, but with our tremendous burden of the public service, with our enormous obligations with respect to railways, with our cost of governments in provinces, in municipalities and in the dominion, we are confronted with a situation which, so far as I know, has never faced any other country in the world. Our ability successfully to grapple with it depends upon some form of unity of action, if that is possible. Naturally, where there are acute differences of opinion, where you have the policies of the government enunciated in the speech from the throne, as they have been, and where there are those who believe that they do not correctly interpret the future of the country and do not make due allowances for the future, temporizing rather than dealing with problems on the basis which we should like, we offer criticism. But criticism does not necessarily mean that we do not desire to render any possible assistance we can to the government in the task that falls upon it. The task is the task of the government; with it rests the initiative. But so far as this opposition is concerned, small in numbers and, may I say, not inexperienced, we are only too anxious that the great country in which we were born and in which we make our home should receive the benefit of such knowledge as we possess and such experience as we may have derived through our activities in the past; and to that end we make them freely available to the government of the day for the purpose of advancing the welfare, happiness and prosperity of the land we love so well.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, it is quite true, as the leader of the opposition (Mr. Bennett) has just said, that frequently throughout the last parliament and during the late campaign I did say, as many others said, that the government of the day was pretty much a one man government. After listening to the four hour speech which we have just heard from the leader of the opposition, the number of subjects on which he has touched, and the effort on his part to find nothing too small to criticize, I cannot but feel that the opposition in this present parliament is going to be pretty much a one man opposition.

Mr. ROWE (Dufferin): A half hour shorter than yours.

Mr. MACKENZIE KING: Yes. I will promise my hon. friend that there will be no more four hour speeches so far as I am concerned. I am afraid it is a failing that comes occasionally to those who are in the opposition. My right hon. friend has tried to excuse himself of the charge of monopolizing discussion by indicating to the house the number of meetings of council there were during the time he was Prime Minister. Well, it is not for me even to imagine what went on in council when my right hon. friend was presiding, but I do not think I shall be very wide of the mark if I assume that most of the talking was done by himself.

Mr. BENNETT: You are wrong this time.

Mr. MACKENZIE KING: And after all, the extent to which a government is a one-man government will depend in council as in the house on the amount of time devoted to its proceedings by the prime minister to the exclusion of others.

My right hon. friend has said there never was a government which constituted a more congenial, loyal and happy lot than himself and his colleagues; that they all knew about everything; indeed, that they were called by him to be told about everything. I see some of my right hon. friend's late colleagues on the benches in front of me at the moment —not many, it is true, but there are a few. I wonder whether any of them heard anything of the legislative program of last session until they heard about it over the radio. If they did, I wish they would tell the house so, and do so at once, because I have been led to understand—and I made this statement in the house at the last session of parliament—that the members of the government were never consulted with regard to that program; that they knew nothing about it. The statement was never contradicted by any of them. The members of his own party knew nothing about the program; nobody knew about it except two intimate friends of the Prime Minister who had to do with the drafting of it, and himself. In addition it was broadcast to the country over the radio after His Excellency the Governor General had summoned hon. members to meet together to hear of the matters that were to be discussed. Notwithstanding the fact that that summons had gone out from His Excellency the Governor General, the legislative program, the

whole program in fact, was announced by the Prime Minister of the day to the country in entire ignorance on the part of his colleagues at the time. If my right hon. friend is not more accurate in his statements generally than he was in that one, I am afraid we shall not be able to put very much confidence in anything that he says.

Mr. BENNETT: The statement of the right hon. gentleman is not correct.

Mr. MACKENZIE KING: We have my right hon. friend's word for that, but we have not anyone else's word for it.

Mr. BENNETT: Well, you will get others' too.

Mr. MACKENZIE KING: I made the statement last year at the opening of the session, and I did not hear it contradicted during the whole session. I made it time and again in public, and the conservative press of the country never contradicted it. It cannot be contradicted. My right hon. friend knows that perfectly well.

Mr. BENNETT: I will say at once to the right hon. gentleman that the speeches were not read to my colleagues, but the fact that the speeches would be made, and the general sense of what they would contain was made long before that, in point of fact, as early as the economic conference in London.

Mr. LAPOINTE (Quebec East): Three years!

Mr. KING: So long before, it had gone completely out of their memories, I am sure. However, we will leave the matter at that.

After all that my right hon. friend has said by way of criticism, I might appear to be wanting in gratitude if I did not seize the earliest moment to thank him for the little scrap of congratulation that he did give to the government in the course of his four-hour speech. He was good enough to say, "We shall have to congratulate the government upon consolidating certain services of the government and also upon having centralized the administration of the harbours." I thank my right hon. friend very sincerely for that extremely generous recognition. It was a little spoiled, perhaps, by the words which followed, namely that he himself had had ideas of the same kind. But if I remember rightly—and I think I have a fairly good memory on some of these things—I said to my right hon. friend, when he came into office in 1930, that there were, I believe, some things that might be done to advantage. I mentioned to him then the desirability of consolidating some of the departments which had to do with transportation and communications. I think he will remember that. So, if we are to run back into the past to where these ideas originated, I hope he will give me a little credit. The difference however is that my right hon. friend had five years of office and he had six sessions in which to carry out that reform, but in the course of that time he never got the proposal even as far as the speech from the throne. He has congratulated me, however, and I thank him for having done so, and as he said, for having done what has been done so quickly. Why was my right hon. friend not congratulatory on the same score in regard to the Canada United States trade agreement? Hon. members who heard him speak about the agreement with the United States will recall that my hon. friend's criticism then was that what was done was done far too quickly. The criticism was that the negotiation of that agreement should have extended over a long time. Again I say that my right hon. friend had five years in which to negotiate an agreement with the United States. If I had waited five years there would be no agreement at this time or any time to come. My right hon. friend made it extremely difficult for the incoming government to make the agreement by putting off so long dissolving parliament, by holding on to office two years, at least, beyond the time he should have continued having regard to the views of the people of this country, and bringing matters to the point where it was difficult, within the limited time that remained to the government of the United States before it would again have to appeal to the country, to attempt the negotiation of a trade agreement such as the one that has been put through. I will take another time to speak more particularly of the trade agreement. I just wish at the moment to point out to my right hon. friend, seeing that he knows a little of the importance of doing some things at one time if they are to be done at all, that the making of an agreement with the United States and Canada in the matter of trade was one of the most urgent matters a government could be confronted with, and if the moment had not been seized, and seized to the full by the government itself, it would, I believe, have been impossible at this time to effect any agreement with the United States.

My right hon. friend has spoken of one or two other matters that are of a personal nature. I had hoped perhaps he might have thought that as a result of the views expressed by the people, the evident will and

wish of the people of Canada with respect to public matters, some things that had been the subject of discussion and debate in the general election, which lasted for four months or more, might have been left alone to-night. However, my right hon. friend, in connection with anything that touches himself, has a particular habit of not hesitating to take up other people's time in airing his grievance; and I hasten at once to say to him that if I have in any way injured his feelings, or made a mistake in anything I have said as to the appointment of Mr. Herridge to Washington being due to the fact that he was my right hon. friend's brother-in-law, of course I apologize at once. The leader of the opposition has brought this matter up himself. He has said that at Winnipeg I asked the question whether Canada had really gained by the recall of Mr. Massey and the substitution for Mr. Massey at Washington of someone who would keep his own name more or less to the fore. He has brought that up himself. I have not with me any statement of what I said at Winnipeg, but I recall very distinctly what I had in mind to say. The purport of my remark was this, that Mr. Massey did come back from Washington, was recalled from Washington just prior to the time my right hon. friend went into office. He had been appointed, it is true, to London. When my right hon. friend took office, he told Mr. Massey quite distinctly that he could not go to London. He knew that Mr. Massey would like to have returned to Washington; that the people of this country would have liked Mr. Massey to go back to Washington and continue in Washington.

Mr. BENNETT: Never even suggested it.

Mr. MACKENZIE KING: Yes he did. He quite distinctly suggested it. My right hon. friend knows that very well.

Mr. BENNETT: Not only is it not correct, but Mr. Massey was aware of the fact that the right hon. gentleman asked that the king sign, as he did on 5th August, his recall, before I ever saw him at all.

Mr. MACKENZIE KING: That does not alter the point I am bringing out at the moment. The king would naturally sign Mr. Massey's recall when Mr. Massey was appointed to London, but this is the point I was making, and I repeat it to-night: My right hon. friend did not allow Mr. Massey to go to London. He knew Mr. Massey had done exceptionally well in the diplomatic service of Canada; that he had given up many of his own private interests and business to devote his life to diplomatic work; that he was available to be returned to Washington if my right hon. friend wished to have him go back there, and that the people of Canada would have greatly welcomed Mr. Massey's return to Washington. Mr. Massey would have served my right hon. friend just as loyally as he had served the government to which he had previously belonged. What took place? Mr. Massey was not allowed to go to London; neither was he allowed to be returned to Washington, but what happened instead? Mr. Herridge was appointed to Washington, but was not appointed, if I am not mistaken, until about a year after the time the vacancy was created at Washington, and Mr. Massey's letter of recall was not presented to the President of the United States until over a year after the king had signed the recall. In that interval of time my right hon. friend, had he wished to send Mr. Massey to Washington instead of having the position filled as it was filled, could have easily asked his majesty to allow the previous recall to be cancelled. It was entirely a choice between the two, as my right hon. friend well knows. The right hon. gentleman does not seem to see the point.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: I will give it to him very plainly. My right hon. friend is fond of citing tradition and of standing up for ideals in public life. Let me tell him that I can recall a time when Sir Oliver Mowat, then premier of Ontario—and he was one of the most highly respected premiers any province ever had—appointed his nephew as a sheriff, he was almost defeated in a general election through the cry of nepotism that was raised against him. I say to my right hon. friend that, if he had possessed a more delicate sense of appreciation of what is right in public matters, and of the fitness of things, he would have thought twice before sending to Washington as the minister from Canada his brother-in-law, Mr. Herridge, in preference to a minister such as Mr. Massey, who had given such exceptional service in the diplomatic service of Canada.

I am prepared to leave myself to the judgment of the house as to whether or not my remarks have been warranted. May I say at once to my right hon. friend that, if as a result of his bringing up this matter, which made it necessary for me to say what I have said to-night, his feelings, or those of Mr. Herridge, or anyone else, have been hurt in any particular, I am exceedingly sorry for that; but,

like himself, I have a public duty to perform as Prime Minister and leader of a party, and the criticism I made in regard to that appointment was made on just the grounds I have given to this house to-night.

Mr. BENNETT: That is not what was said either in Winnipeg or in Montreal.

Mr. MACKENZIE KING: That is the purport of it, and in any event that is what is being said now.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: I notice that some hon. members opposite who have been behind their leader in previous years still carry on their old practice of interrupting and not hesitating to say insulting little things whenever they can. I do not think they will carry the practice to quite the same extreme this session as they have done previously, but to one who is occupying for the first time the position of whip of his party, I would say that if he wishes to receive the courtesies that are expected from this side of the house he will have to begin to extend them himself.

Now, Mr. Speaker, may I say that as I listened to the speech of my right hon. friend to-night I was reminded of his concluding remarks when he was occupying the office of Prime Minister at the opening of the first session of the last parliament, and was replying to myself as leader of the opposition. In concluding he said that he thought the people of Canada at least would agree that he had some business instinct and, being a man with great business instinct, he was not going to waste the time of parliament by replying at any length to the leader of the opposition; that what we were here for was to get on with the business. I do not know about private business, but as far as public business is concerned I think I can say to my right hon. friend that in four or five months I have done more than he did in as many years. However, I intend to follow the example he set at that time, and I will not waste undue time by taking too long to reply to what he has said this afternoon and to-night. There is much that is touched upon in the speech from the throne that one is not expected to take up during the opening debate of the session. The different measures there mentioned will all come before the house for review at length and in detail during the session, and there will be time enough then to touch upon them.

[Mr. Mackenzie King.]

But before I leave this question of business instinct may I say a word or two to my right hon. friend about another instinct, the political instinct. To listen to my right hon. friend to-night one would have thought nothing had occurred between the time he dissolved parliament some months ago, and the assembling of the present parliament. For the most part what we listened to to-night and what we have been listening to since half past four this afternoon, has been said by my right hon. friend ad nauseam during past sessions of parliament and on the hustings. There was very little in it all that was new. The manner was the same; the faultfinding, the scolding, the denunciation—all that was just true to form, with very little that could be in the least helpful. Let me tell my right hon. friend, because he will come to realize it more and more as the months go by, that he no longer has, from one end of this house to the other, a group of "yes, yes" gentlemen who are prepared to applaud every remark of his as it is made, and continue to do so for any length of time. He had better begin to adjust himself at once to new conditions, because he will find it very unpleasant if he does not.

May I now touch on one or two of the matters to which my right hon. friend has referred. First of all, I am always pleased of an opportunity to join with my right hon. friend in anything that is congenial and pleasant; the opportunity comes so seldom. He has been kind enough to extend his congratulations to the mover and seconder of the address, and I join with him most heartily in extending warmest congratulations, not on my own behalf alone but on behalf of all hon. members on this side of the house and, I think I may say, all hon. members of the house on the excellence of the speeches they have delivered to-day. The Prime Minister—

Some hon. MEMBERS: Leader of the opposition.

Mr. MACKENZIE KING: I am glad I made that mistake; my right hon. friend paid me the same compliment shortly after taking office, so now we are even.

Mr. BENNETT: It must be the influence of the yes, yes men.

Mr. MACKENZIE KING: My right hon. friend alluded to Dr. Dafoe's address on Saturday, not the Parry Sound Dafoe referred to this afternoon, but the equally sound and well known Dafoe from Winnipeg, the editor-in-chief of the Winnipeg Free

Press. Doctor Dafoe said that years ago, in the old parliaments, the blue ribbon of the legal profession was generally given that man, or he was regarded as having earned it, who had won a foremost place in his profession and then won as well a seat in parliament. I think I may truly say that by the speech he delivered to-day, the hon. member for Parry Sound (Mr. Slaght) has already won the blue ribbon not of his profession only but also of parliament. He brings as an invaluable acquisition to this House of Commons the great abilities and talents which have become so evident to all in his profession, and indeed to the country generally, not only by the leading role he has so long played in the courts, but equally by the outstanding place he holds on the platform in the province from which he comes.

May I also congratulate very warmly my young friend the hon. member for Maisonneuve-Rosemount (Mr. Fournier), who has charmed and delighted us all with his brilliant address in French, and in part in English as well. My friend was selected for this responsible duty as the youngest member on the Liberal side of the house. He has had some experience in business, but has given up business to enter one of the learned professions. He is now, I believe, engaged in studies at the university preparing himself for the practice of law. I think I may say to my hon. friend that, if he conserves his health and strength and continues with industry as he has done, he will achieve a very high place both in his profession and in the public life of our country. I extend to him not only my congratulations but my best wishes as well.

Mr. Speaker, I am pleased to have the opportunity of joining with the right hon. leader of the opposition (Mr. Bennett), and with the mover (Mr. Slaght) and seconder (Mr. Fournier) of the resolution for an address to His Excellency, in saying how delighted we all are that His Excellency Lord Tweedsmuir has been chosen to be the king's representative in this country. The fact that Lord Tweedsmuir had the close personal association he enjoyed with the late King George, that he had the honour of writing of the life and reign of the king as he has done so charmingly and effectively in The King's Grace,—and that he represented his late majesty as commissioner to the assembly of the Church of Scotland—all these associations with the late king, whose appointee he was, are additional links with himself which are much cherished by the people of this country. The warm welcome which has been extended to Lord Tweedsmuir since his arrival in Canada speaks for itself. It has made clear to him, I am sure, that his great achievements and his versatile gifts have been well known to the people of Canada for many years. We all appreciate his excellency's expression of pleasure at the association to which he is looking forward for the next five years. It is an association, with both himself and the Lady Tweedsmuir, to which the people of Canada of all classes and in all parts are also looking forward with great pleasure.

Mr. Speaker, my right hon. friend, the leader of the opposition, as was natural enough, has sought to bolster up the position of his small army and himself by saying that a great many of the members on this side of the house were returned by a minority of votes. He sought in those words to create the impression that, perhaps, after all, we who are so numerous on this side do not represent to the extent that we appear to do, the people of Canada. May I say that, had it not been for candidates returned by a minority of the votes, there would have hardly been any one on the other side of the house at all, and our numbers would have been very much larger than they are. Let me give a figure or two in regard to the situation. We have on this side of the house 178 Liberal members. When I speak of this side of the house of course I include the best of the other side. In that regard I must apologize for having failed to mention that, when my right hon. friend was congratulating those who moved and seconded the address at the time he had a large following immediately behind him on this side, he said they were most deserving of congratulation because of what they represented of the feelings of the people of Canada towards his government. Well, if that was the case, what must my right hon. friend think of the extent of the congratulations which should be conveyed to the mover and seconder to-day, when he finds himself encompassed by the cloud of witnesses which surround him telling of what the people think respectively of him and of me? I am putting it in this personal way in order to keep company with my right hon. friend—what I should say, speaking to the house and the country, is what they thought of the respective policies of the different parties as enunciated by their respective leaders. There are 178 Liberal members. It is true that of that number 85 were returned by a minority of votes. But may I point out—and it was something which was stressed over and over again by myself and other Liberal speakers in the campaign—

that one of the unavoidable effects of a large number of parties in a campaign is that candidates are bound to be returned in increasing numbers by a minority of votes. There has never been a campaign in Canada in which there were so many parties contesting the honours as we had in the last election. In addition to the old Conservative party, we had our friends of the Cooperative Commonwealth Federation. We had the new revolutionary army, the Reconstruction party; and we had our friends who came into being as a federal party after the election had been called, and who were fortunate in getting in at that particular moment, running for the first time as Social Creditors. Furthermore, we had some independent members. Altogether it was a great array. But the mere fact that there were so many candidates made it inevitable that a very large number of members of parliament would be returned by a minority of votes. It so happens that eighty-five out of the 178 of the Liberal party were returned by a minority of votes. But what about the other parties? Where would they have been if some of their candidates had not got in by a minority of votes? My right hon. friend has at the present time thirty-eight followers. Of that number thirty-five were returned by a minority of votes. Almost every hon. member opposite must be thanking the lord for being of the minority on this occasion. My right hon. friend the leader of the opposition would not have had as many followers as he has fingers on either hand but for those of his followers who were returned by a minority of votes.

Take the other members of the house. I hope none of them will be offended if, for their convenience as well as ours, we speak of them combined as the independent members. They will not agree to support the government, I understand, and they do not want to support my right hon. friend the leader of the opposition. Supporting outright neither the government nor the opposition, I assume that, whether they are Cooperative Commonwealth Federation, or Social Credit or Reconstruction or avowedly independent, they will wish to regard themselves as independent members of the house. Unless they would deem it a mistaken way in which to speak of them all when I wish to speak of them collectively, I propose to adopt that designation throughout the session.

Mr. SPENCE: Where do you put Mr. Neill?

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: He is in the right place just where he is; my hon. friend need not worry about him. I say that it seems proper to refer to those who avowedly support neither the government nor the opposition as the independent members of the house. They have their groups, and unfortunately or fortunately—fortunately I think—they have their differences. There are twenty-seven independent members in the house. Of that number, seventeen were returned by a minority of votes. If we take a bird's eye view of the entire situation, we find that, of the Liberal party's membership in this House of Commons 47·7 per cent were returned by a minority of votes; of the Conservative party membership, 87·5 per cent were returned by a minority of votes; and of members of independent groups, 62·9 per cent were returned by a minority of votes.

Just in case there may be any doubt in the minds of hon. gentlemen opposite as to what the country thinks of the government, since it has taken office, may I say that, in the short time we have held office, there have already been three byelections. In none of these was a candidate returned by a minority of votes. In two instances, the government's candidate was returned by acclamation. In the other case, where there was an actual election to test, among other things, the views of the people of western Canada with respect to the government's wheat policy, to which my right hon. friend has referred at such length, the minister of the crown, who was opposed on the platform by a supporter in this house of my right hon. friend, and by the leader of the Cooperative Commonwealth Federation, was returned by a majority of between 3,000 and 4,000 votes, 3,600 in fact. Whereas the Liberal member at the last election had received only 41 per cent of the entire vote, my hon. friend the present Minister of Agriculture (Mr. Gardiner) received 66 per cent. So far as the government is concerned, hon. members may feel that numerically we represent the people of this country in a perfectly just and fair manner. If anything, we are fewer in numbers than we would have been had there been only two parties instead of the number there were.

On motion of Mr. Mackenzie King the debate was adjourned.

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

Tuesday, February 11, 1936

The house met at three o'clock.

MAIN ESTIMATES, 1936-37

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1937, was presented by Hon. Charles A. Dunning (Minister of Finance), and read by Mr. Speaker to the house.

CRIMINAL CODE

INQUIRY AS TO PROVISION RESPECTING UNLAWFUL ASSOCIATIONS

On the orders of the day:

Mr. A. A. HEAPS (Winnipeg North): Will the Minister of Justice say whether it is the intention of the government at this session to bring in legislation with regard to the repeal of section 98 of the criminal code?

Hon. ERNEST LAPOINTE (Minister of Justice): There will certainly be some legislation with respect to that section.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Monday, February 10, consideration of the motion of Mr. A. G. Slaght for an address to His Excellency the Governor General in reply to his speech at the opening of the session.

Right Hon. W. L. MACKENZIE KING (Prime Minister): At the conclusion of his long address yesterday, my right hon. friend the leader of the opposition (Mr. Bennett) said that he would like very much to offer to this side of the house his helpful cooperation in the difficult task with which governments of the present day are confronted. I think it was a fortunate thing for my right hon. friend that he made that statement at the end of his speech rather than at the beginning, because until the moment he made it there had been, I must say, nothing in his remarks which could have been construed as in any way helpful. They were, indeed, directly the opposite.

May I say to the leader of the opposition that he has had a long and exceptional parliamentary experience. He spoke very often from this side of the house of the great burden which rests on the shoulders of a prime minister, and the need on the part of the Prime Minister for the cooperation of hon. members in all parts of the house. I hope the right hon. gentleman will keep that in mind now that he is on the other side of the house. I shall welcome very much, the government will welcome, what he is able to give in the way of cooperation in dealing with the great problems which we have before us for consideration from day to day in these times. I hope that my right hon. friend will not again find it necessary to spend his time wholly in criticism or sarcasm, or in remarks that for the most part are facetious and in no way constructive or helpful.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: My hon. friends opposite are groaning a bit, but may I ask them just how, in seeking to be "helpful", their leader began his discourse yesterday. The first thing he did was to say that no doubt, as Prime Minister, I should find considerable difficulty in having so large a following. It was very natural that he should make a remark of that kind. Heaven knows with a very much smaller following he had enough difficulty to cope with all the time he was in office. The following he has behind him at the present moment is eloquent of the results of difficulties and discussions which he had at different times with some of his colleagues and members of his party.

The leader of the opposition was at particular pains to try to tell this house what had taken place during the formation of the present government. I heard him say repeatedly, when he was on this side of the house, that matters which pertained to the cabinet, and to his own party, were their business and nobody else's, and that it might be just as well for other people to mind their own business. I give him back his own words at this time. May I say that I think it ill became him, knowing the problems that face any first minister in the formation of a cabinet, to seek, at the very beginning of a parliamentary session, to create prejudice, not only as between different members of a party, but as between different parts of the country, by an appeal to race such as he sought to make in the remarks he offered at that time.

Mr. BENNETT: Mr. Speaker, I must inform the right hon. gentleman that I made no such statement, and the effort he is now making to create the very situation to which he refers is entirely out of order. I read from the statement made by the Minister of Justice (Mr. Lapointe).

Mr. MACKENZIE KING: I am not referring to that remark at all. That is one of many remarks. I am referring to what my right hon. friend said about my colleague the

present Minister of Public Works (Mr. Cardin). He undertook to tell this house what he assumed had transpired in the formation of the present government.

Mr. BENNETT: It is true.

Mr. MACKENZIE KING: My right hon. friend knows more, apparently, about the formation of the present government than its members do.

Mr. BENNETT: It was not the formation of it. It was a circumstance in connection with the men who were offered positions in the government.

Mr. MACKENZIE KING: My right hon. friend knows the rules of the house, and if he can just keep still for a little while he will set a better example to his own following and the rest of the house than he is doing at the present time.

Mr. BENNETT: Mr. Speaker, no hon. member of this house has the right to misrepresent another. My right hon. friend was misrepresenting what I said, and I claim the right to correct the misstatements made by the Prime Minister. That is a question of order which I have the right to bring to the attention of the chair.

Mr. SPEAKER: I would ask the hon. leader of the opposition to state what the misrepresentations are.

Mr. BENNETT: That is exactly what I was doing. The right hon. gentleman made statements that were not in accordance with the facts as to what I had said, and I corrected him. I should have addressed the Chair in so doing.

Mr. LAPOINTE (Quebec East): A fine point of order!

Mr. MACKENZIE KING: Fortunately my right hon. friend's remarks are recorded on Hansard. Perhaps I may read to him just what he said. My right hon. friend intimated that one of my colleagues, who had been a colleague for many years, had gained the position that he now holds in the cabinet by "training his guns" on his leader. Does my right hon. friend deny that?

Mr. BENNETT: My right hon. friend has said that he would read from Hansard what I said. Let him do that.

Mr. MACKENZIE KING: Well, I shall. My right hon. friend, referring to the hon. member for Richelieu, is reported in Hansard as follows:

> But the little corporal from Sorel was not thus to be denied. The support the party had received from the province enabled the little corporal to train his guns upon the Prime Minister—

Mr. BENNETT: Quite so.

Mr. MACKENZIE KING:

> —and in the words of Abraham Lincoln, "the coon came down." For we find that the little corporal had been able successfully to maintain his position. The little corporal from Sorel had become the emperor of the day.

And then, bringing out the real point of the remark, which as I have said was intended to create racial differences if possible, my right hon. friend ended by saying:

> In that position I am sure he will—

Referring to the present Minister of Public Works.

> —in the words of the Minister of Justice, cast no reflection upon the people he represents and will discharge his great duties with fairness and with a sense of obligation that comes to one who is from a province that took the lead from 1930 and is now able to enforce its will upon the Prime Minister.

I ask if the remark, that one province in this country is able to force its will upon the Prime Minister, is not, in the relation mentioned, a deliberate effort on the part of the leader of the opposition to create prejudice against the province of Quebec.

Mr. BENNETT: Do you want the answer now?

Mr. MACKENZIE KING: No. My right hon. friend may keep still. He has done a lot of talking. I want to tell my right hon. friend that, while I have always had and expect always to have loyal and wholehearted support from the province of Quebec, I have in this parliament an even larger and equally loyal support from the province of Ontario, and an equally loyal support from all other parts of this dominion. And it ill becomes him, at the beginning of the session, to attempt to create prejudice in the minds of the electorate by seeking to convey ideas of domination on the part of any one particular province. May I say with respect to "the little corporal from Sorel," that he is at my side, as loyal and as helpful as he has been from the day he entered parliament up to this hour, and as loyal and helpful as he will be at all times. There has never been any difference between my hon. friend and myself. As the former Prime Minister knows, in the formation of any cabinet no positions are finally determined until the last moment. All sides and possible relations are carefully canvassed. Until a ministry is sworn, it is impossible to say what the final decision is going to be. In the formation of the present

government there has been, I venture to say, less in the way of difficulty than there has been in the formation of any government in the past.

May I say speaking of the formation of a cabinet, that great difficulties confront every prime minister; not difficulties merely but actual hardships are encountered. I do not suppose there can be any position more embarrassing, more painful to one who has had loyal and faithful colleagues than to have to consider whether, when they have served in previous governments, they should continue to serve in another government. There are present in this house to-day at least two hon. members who were former colleagues of mine in the government. If I had been consulting my personal feelings, if I had been governed by personal wishes in the matter, those two gentlemen would have been members of the present administration. But, as the leader of a party, as the Prime Minister of the country, I have obligations to consider which are of a public nature. In these days youth as well as experience and advanced years is demanding its place at the council tables. My two formers colleagues who, because of their years, are not in this cabinet, were the first to recognize the reasonableness of that position. I mention the point because, so far as I am concerned, it is the only matter with one exception that caused me any real embarrassment in the formation of the government. The exception was that I found it necessary also in the public interest, to reduce the number of portfolios. Instead of having a cabinet of twenty-one, as my right hon. friend had when he went out of office and appealed to the people, I reduced the number, as I thought the country would wish it to be reduced, to sixteen. In this great gathering of the House of Commons to-day, there are any number of Liberal members who might well aspire to and feel themselves entitled to a position in the cabinet. Many of them have reason to feel that their abilities as well as their long and faithful service should have been recognized in that way. All I can say to them, and it must be apparent to all, is that when there are only sixteen positions one cannot take in more than sixteen persons. I think that situation is well understood. If my right hon. friend in the course of his address had spoken along these lines, he would have been more constructively helpful than he was.

Speaking of relations with colleagues, may I say to my right hon. friend that I have never had a band of colleagues who deserted me on the eve of battle. I have never had generals in my army train their guns on me the night before the conflict, and demand life positions somewhere that they might be secure and out of the public arena. Nor have I found it necessary at any time to appoint to office a very large percentage of my own party before I went into a general election. My right hon. friend, immediately before appealing to the people, had the following colleagues leave him: his former Minister of Finance, who was appointed to the senate; his former Minister of Justice, who was made chairman of the railway commission; his former Minister of Marine, who was made a judge; his former Postmaster General, who was appointed to the senate; his former Minister of Pensions and National Health, who was made a lieutenant-governor, and another minister without portfolio, who was appointed to the Senate. But that is not all. My right hon. friend has a colleague in the other house, the leader of his party there. What was the relationship between himself and his colleague when parliament was dissolved last July? His own colleague in the other house was opposing the legislation which my right hon. friend had brought into this house. During the whole campaign was the voice of the leader of the Conservative party in the Senate heard once in support of my right hon. friend? There was a complete silence. The leader of the Liberal party in the Senate came back to this country from a journey abroad in order to take part in the battle, and to show his loyalty to the party leader, and to the principles and policies which he himself had been supporting throughout his lifetime. But that is not all. I never had a general who raised an army of his own to oppose his leader, and did so, so successfully that even as late as yesterday his leader could not refrain from saying in this House of Commons that he had not yet forgiven him and virtually that he never will. As between my right hon. friend and myself, that is the position with regard to the relations of colleagues if my right hon. friend wishes to recall it.

What has been the result of my right hon. friend's leadership? In the last session of parliament he had the second largest following of any Conservative government since confederation. To-day he has the smallest following that any leader of a Conservative party has ever had in the history of Canada. From a great party with 137 members in this House of Commons last year, my right hon. friend at the present time has a following of 38; including himself the representation of the Conservative party in this parliament numbers only 39. From two provinces he has not a

single follower; from each of four provinces he has only one follower, and from only one province has he more than five followers. That is the result of the way in which my right hon. friend has been able to get along with his colleagues and his following, and of the way he has carried on the administration of public affairs in this country. But that is not all. He had a Speaker, a deputy speaker and a number of ministers who took part in the campaign with him. The Speaker, the deputy speaker and twelve ministers were defeated under my right hon. friend's leadership. After this, I hope my right hon. friend will be a little more careful what he says about other people. Those who live in glass houses had better not throw any more stones than are necessary.

I have said that my right hon. friend began by seeking to stir up racial prejudice. He did it not only in the way I have already indicated, but one other of the first things he did was to produce in this House of Commons some anonymous publication that had found its way into the constituency of his deskmate on the last day of the campaign. No one is able to say where it came from; no one is able to point out whether or not it was the product of any responsible person, but it appeared to him to be sufficient to create a prejudice against those who come from the province of Quebec. The right hon. gentleman says, "See what is being done in the province of Quebec with regard to stirring up feeling by reference to war." My right hon. friend knows that the paper exhibited was never countenanced by any responsible person in the Liberal party, and he would much better have left that sort of thing unmentioned. If I wished to speak of circulars sent out by hon. gentlemen opposite to prejudice the friends of the electorate in the last campaign, I do not think I would get through this afternoon. I shall not take up documents that are anonymous and that found their way into some single constituency on the last day of a campaign, without having any influence whatever on the election; I shall take what was being done by my hon. friend throughout all western Canada by advertising paid for out of his funds. That was the case not only in the west; it was equally so in Quebec and elsewhere. I speak particularly of this one, which relates to western Canada. On billboards all over western Canada we read:

Stand by Canada. McFarland saved the wheat grower. Bennett stands by McFarland. Bennett gave the grain growers $150,000,000 and a wheat board. Stand by Bennett's grain board for higher wheat prices. Vote Bennett.

[Mr. Mackenzie King.]

There is no mistaking where that came from; no one but the leader of the party himself would have drafted a campaign document of that sort.

Mr. BENNETT: I will have to rise again to assure the right hon. gentleman that the statement he made is incorrect. I never heard the contents of that advertisement until this moment.

Mr. MACKENZIE KING: I thought that would bring my right hon. friend to his feet.

Mr. BENNETT: Then is the right hon. gentleman making a misstatement for the purpose of having that done?

Mr. MACKENZIE KING: My right hon. friend has eyes as well as ears, and he must have been looking at the ground all the time he was going through the west or he would have seen this glaring poster in front of him in every corner of every village or town to which he went. When he says he does not know anything about this poster—

Mr. BENNETT: No, it was not up when I was in the west.

Mr. MACKENZIE KING: I guess my right hon. friend thought he would get out first. I have just been reminded that after my right hon. friend was out of sight other members of the party struck out the words "Vote Bennett" and had it read "Vote Conservative." Here is something that perhaps my right hon. friend does know a little about. Perhaps he will tell us he is incorrectly reported, but I find the following quotation which was sent pretty generally throughout Canada in the last week of the campaign, or at any rate very near the end of the campaign. Speaking at Sherbrooke—and I am sure my right hon. friend remembers that occasion—he said:

In the last session $1,000,000 had been voted as a stabilization fund to maintain the price to producers of dairy products. "I regret to say that the first cheques will not be paid until October 15"—

The election was on October 14.

—Mr. Bennett continued, "and I hope that you farmers within the sound of my voice, when you get your cheques the day after the election, will not have qualms of conscience because you voted against the government that gave it to you."

That is, the government that gave these cheques out of a million dollar fund; the implication being that if the government changed their might be no cheques. Does my right hon. friend mean to imply that members on all sides of the house who had to do with voting

the appropriation that was made at that time were not entitled to any credit that might come from that appropriation?

Mr. BENNETT: It was opposed by members of the opposition.

Mr. MACKENZIE KING: Yes, it was opposed and very rightly, for the reason that they were perfectly sure that my right hon. friend was putting through that million dollars for the purposes of an election, and no better evidence as to that could be adduced than I have pointed out. I might direct attention to other reports that were sent out, inspired or otherwise, to the effect that the bonus on wheat was expected to be paid on "Monday," the day of the elections, and so on. "Bribe" I think is not too strong a word—one bribe after another made to the electorate out of public funds by my right hon. friend himself. Yet he undertakes to find fault with some anonymous circular that he brings into the house for the purpose of creating racial prejudice.

That, Mr. Speaker, is not all. I think my right hon. friend knows something of the use to which the national radio was put by his party during the general election. I think he knows something about "Mister Sage" and his scurrilous and libelous misrepresentations over the government-owned radio. I say to my right hon. friend that as Prime Minister at that time he should not have permitted for one minute the use of the national radio in such a manner. He will have during the session plenty of chance to excuse himself on the score of what was permitted in that respect. It is true that there again his party sought to shield itself under anonymity. They had not the courage to come out and say who was supplying the money for these broadcasts. They had not the courage to say by whom they were written. They had not the courage or the honesty to say the broadcasts were political propaganda—propaganda of the worst type any party has ever put out, because it was most insidious in its nature and constituted an abuse in the use of national radio facilities during a political campaign. But he, as Prime Minister at the time, permitted all that to go on. I tell him now that that sort of thing will not continue under either the present or any other radio commission in Canada.

Let me come to the next matter to which my right hon. friend referred. He seemed to think it was an extraordinary thing that the speech from the throne should contain the following clause:

> It is proposed to restore to parliament its control over taxation and expenditure by ending all measures which have deprived members of the House of Commons of this control, and which have served to invest the executive with unwarranted arbitrary powers.

My right hon. friend asked if there was ever anything so silly. Well, it shows how far, long continued practice may come to influence one's attitude of mind. I am perfectly sure that five years ago my right hon. friend would not have sought to take away from parliament its control over taxation and expenditure and then term as silly an effort made to restore it. My right hon. friend asks what control was taken away. Well, I think that during the last parliament there was sufficient protest from the opposition side of the house against the use of the blank cheque and of the peace, order and good government clause of the relief legislation to enable him to know what is being restored at the present time. My right hon. friend knows very well that, as far as the control of taxation and expenditure is concerned, the only way in which this House of Commons can exercise that control is by having estimates brought down in connection with all public expenditures, and by having supply voted in the form of appropriations which give in detail the amounts required and the precise purpose for which moneys are to be used. I wonder if this country realizes how much money has been spent under the authority of the blank cheque, which was obtained every year from parliament under the allegation that it was needed to meet an emergent condition, and which was obtained in one instance under closure, and which would have had to be obtained in subsequent sessions in the same manner but for the desire of the opposition not to prolong discussion in this house unduly.

Let me give the figures. The total expenditures made by order in council under the relief acts, which gave the government this blank cheque and other arbitrary powers, up to November 1, 1935, just a few days after the present administration came into office, amounted to $192,000,000; in other words, more than the total expenditure of Canada in any fiscal year up to the fiscal year 1914-15, the year of the beginning of the Great war. That is to say, up to the time of the Great war this country's total expenditure had never equalled in any one year the amount of money that my right hon. friend paid out of the public treasury without appropriations during the time he was in office. Not a dollar of that amount was scrutinized in advance by hon. members of this house, or presented in a form in which it could be examined and voted upon.

Mr. BENNETT: Surely the right hon. gentleman desires to say "annual."

Mr. MACKENZIE KING: Not a bit; I stand by every word I have said. More than that, loans amounting to $95,000,000 were made by my right hon. friend. This House of Commons was not asked to approve those individual loans. This House of Commons was treated as though it did not exist. The only people who received loans were those to whom the Prime Minister decided to give them between sessions and after parliament had prorogued.

But that was not all. Guarantees were given as well—guarantees to banks, to different interests of one kind and another, totalling how much, do you suppose, Mr. Speaker? On November first last, no less than $160,000,000. One railway company got a guarantee of $60,000,000 just about two days after parliament had prorogued. Not a word was said to parliament while it was in session about the necessity of giving any such guarantee to this road. Other guarantees were made on an extensive scale. I will not take time to put them on record, though I might well do so. The total amount of these guarantees outstanding on November first, however, is worth noting—$160,000,000. These are all obligations that have still for the most part to be met. In other words, in loans and guarantees and expenditures there was a total obligation upon the treasury of $447,000,000, or nearly half a billion dollars. Over the outlay of this vast sum the House of Commons as such had no real control. The people of Canada are talking about the size of the national debt, about the tremendous obligation there is on the shoulders of the people in the matter of taxation. Here is how $447,000,000 is accounted for. Will anyone tell me that any such liabilities would have been incurred if this House of Commons had had the right, which is its first right, a right and a duty above all other rights and duties of the House of Commons, to supervise in the most careful way every dollar of public expenditure?

I have in my hand an authoritative treatise on parliamentary grants by Durell. Let me read a paragraph or two to illustrate the truth of what I have been saying as to the rights and duties of the House of Commons. I quote from page 3:

> The most ancient, as well as the most valued, prerogative of the House of Commons is the right of supreme control over taxation, to which the right to control issues is a natural corollary. The prohibition of raising taxes without parliamentary authority would be nugatory if the proceeds, even of legal taxes, could be expended at the will of the sovereign. The right, therefore, of appropriation was a logical consequence of the right of levying supplies. The chain of historical evidence undeniably proves that a previous and stringent appropriation, often minute and specific, has formed an essential part of the British constitution.

All that was violated by my right hon. friend, not for one day but for every day for five years. Yet now he says: Isn't it a silly thing to suggest the restoration to the House of Commons of a power that will protect the rights of the people and enable the house to fulfil its constitutional duty to see that these rights are preserved? Let me give a further paragraph, as it appears at page 9:

> The supreme control of the Commons over public grants, as already mentioned, necessarily demands the complete right of control over the manner in which those grants are spent. This second right must be inseparable from the first if the control over the grants is to be effective.

Yet, what did my right hon. friend say when we asked that the grants being made to the different provinces be audited by the auditor general? He said that to propose anything of the kind would be an insult to the provinces. Let me read only one more brief quotation, as it appears at page 18:

> All the rules as to financial procedure are measures intended to protect the house against itself, to prevent hasty grants and ill-considered increases in the responsibilities of the people, while at the same time such rules are the best safeguard of the minority against the autocracy of the majority.

That is what we had during all of the last five years,—autocracy of the majority, and no real security or protection of the rights of the people themselves.

Of all the paragraphs in the speech from the throne, in my view the one which undertakes to restore to the House of Commons its control over the expenditure of public moneys is the most important of all. There was nothing which contributed so much to the return to this parliament of Liberal members in such large numbers as the knowledge on the part of the Canadian people that if we were returned we would see to it that once again the control by the House of Commons over expenditures and taxation would be duly and fully restored.

My right hon. friend next touched upon the textile inquiry. A little later in the day he took exception to any question being raised about the validity of certain laws which had been referred to the supreme court. He said he did not see why that matter had to be brought up, and that it would have been much more fitting if the statutes could have operated a little while until trouble developed

somewhere and a suit was entered. However, when it comes to an inquiry into the conditions of employees in an establishment such as the one at Sherbrooke, when it comes to an investigation of the circumstances under which several hundred people without a day's notice were turned out in the middle of winter to shift for themselves, my right hon. friend says, "I wonder that the Minister of Justice did not see that that commission is unconstitutional."

Mr. BENNETT: No, I did not say that; pardon me again. I said that I wondered if the Minister of Justice had looked into the question of the validity of it. I did not say it was or was not, and I gave the reference to the Manitoba case.

Mr. MACKENZIE KING: I am surprised that my right hon. friend was so keen to raise the point at all. If he had really been concerned with the well being of the employees of that great concern, and with the way in which the industry itself is carrying on, I think he would have been glad to see the inquiry proceed. The point I make is this: My right hon. friend was quite prepared to let the whole of his new deal legislation go into force at once, whether it was constitutional or otherwise, whether it was valid or invalid. Before the election he said, "I am so concerned with the well being of the working class in Canada that I do not care whether it is constitutional or not; I am going to see that this legislation is put on the statutes. Here, however, is one measure which is valid in every particular, and we find that at the first moment my right hon. friend is eager to take exception to the inquiry involved. If he had taken the trouble to look at the order in council—and I think he could have got it, if he had wished to have it, because I know he has a way of getting these documents from the privy council, whenever he wants them—

Mr. BENNETT: Mr. Speaker, I must object to that statement. The statement is made that I have a method of getting documents from the privy council whenever I want them. The rule communicated to me by the Clerk of the Privy Council is that any orders in council passed during the five years we were in office he furnishes to me upon request, and that he had followed the same practice under the previous administration. I have received no document from the privy council, nor would I think of asking for any document of the privy council, except in the proper method, since the advent to office of this government. I must ask the right hon. gentleman to withdraw a statement which would leave the impression that I had some method of getting from the privy council documents to which I was not entitled.

Mr. MACKENZIE KING: What my right hon. friend has stated bears out what I have said. He has stated that he thought his practice was a correct one, and I am not taking exception to it. He knows the correct method, and if he had wished to have a copy of the order in council, had he not already seen it, he had but to follow the correct method, which he himself has just mentioned.

May I say to the leader of the opposition that he may rest his mind as to the validity of the powers given this particular commission. The commission has powers respecting not only one industry, or one province or any particular concern in one province. The language is broad; perhaps I should read it:

> The minister further observes that in order to determine the responsibility of employers and to enable appropriate action to be taken, not only with regard to safeguarding the interests of employees and of the public, but also of the industry itself, it is essential for the government to be fully advised with respect to all matters surrounding the operations and conduct of the industries immediately concerned and interrelated and allied industries.

That takes into account not only the textile industry at Sherbrooke but the textile industries throughout Canada; do not let that be forgotten. Let us not forget that the concern at Sherbrooke intimated that its action in suddenly thrusting out great numbers of employees was due to an arrangement between this government and Japan. If any arrangement between the Canadian government and Japan is going to operate in that way with respect to any industry in Canada, the sooner we find out the facts of the situation, the better. We intend to go very fully into the whole position of the textile industries in Canada, and to consider competition not only from Japan but from Great Britain and everywhere else. The company in Sherbrooke said it was necessary to take such action to save the situation. In other words, it seemed to be necessary to deprive the employees of their wages. The commission will be interested in attempting to ascertain if, during the time the employees were deprived of their wages, the bonuses, salaries and the like of officers of the company were also cut off. My right hon. friend talks about—yes, what is it?

Mr. BENNETT: I assume the right hon. gentleman in accordance with the rules will lay the order in council upon the table. Quotation by a minister from a public document necessitates its being laid upon the table.

Mr. MACKENZIE KING: Yes, I shall lay it on the table, with pleasure.

Mr. BENNETT: So that we all may read it.

Mr. MACKENZIE KING: Yes; it has already been published in the papers. Possibly the simplest method would be to place it on Hansard. My right hon. friend may then feel that we are trying to do full justice to the situation. It is as follows:

Certified to be a true copy of a minute of a meeting of the committee of the privy council, approved by His Excellency the Governor General on the 27th January, 1936.

The committee of the Privy Council have had before them a report, dated 24th January, 1936, from the Minister of Finance, stating as follows:

On the 18th instant the following telegram, dated at Sherbrooke, Quebec, January the 18, 1936, and signed by Ant. Deslauriers, city clerk, on behalf of the city council of the city of Sherbrooke, was received by the Right Honourable the Prime Minister, and the Honourable the Minister of Finance:

"Special emergency meeting city council held to-day strongly ask that your government intervene immediately over the situation that has developed whereby our largest flat silk industries employing over a thousand hands has suddenly closed down leaving these people without employment Stop. Our city unable to cope with alarming situation and request your government take immediate steps to remedy this condition Stop. City cannot take care of such increased unemployment."

Also on the same date representations appeared in the press to the effect that according to word received from Sherbrooke uncertainty in the textile market, due in large part to Japanese competition in certain artificial silks, had forced the Dominion Textile Company to close its rayon plant at Sherbrooke, Quebec, and that the plant closed down would remain inactive until the present situation in the industry had been clarified. The Montreal Gazette of January 18, also contains the following relative to the foregoing representations:

"G. Blair Gordon, President of the Dominion Textiles, who is in the United States at present, last night confirmed the report in reply to a telegraph query. His message added 'Hope to reopen when we can see possibility of manufacturing goods which can be sold.'"

Upon receipt of the telegrams from the city council of Sherbrooke, an officer of the Department of Labour was immediately sent to Sherbrooke to report to the government upon the existing conditions. The report received by the government evidences the necessity, if the request of the city council of Sherbrooke is to be met and the present situation in the industry clarified, for investigation much more searching and extensive than is possible at the present time either by officials of any of the government departments or by the tariff board, and that it can most effectively be made by the appointment of a royal commission, clothed with powers to make the inquiry as searching and extensive as may be necessary.

The minister observes that the sudden cessation of operations in industrial establishments, especially in the winter season, at a time of widespread unemployment, cannot fail to render more acute the distress and suffering of wage earners and their dependents, and also places upon municipalities and governments additional and unexpected financial burdens for relief. He is further of the opinion that industry generally and especially an industry which has had for years the benefit of the protection afforded by the customs tariff, should recognize its responsibility to carry on operations with due regard to its obligations to employees and to the public, and not to arbitrarily shut down its plants.

The minister further observes that in order to determine the responsibility of employers and to enable appropriate action to be taken, not only with regard to safeguarding the interests of employees and of the public, but also of the industry itself, it is essential for the government to be fully advised with respect to all matters surounding the operations and conduct of the industries immediately concerned and inter-related and allied industries;

That in this connection it is essential that full and complete information be available to the government covering a period of years with respect to costs, profits, wages, salaries and bonuses, tariff protection, investment, volume of production, and all other matters and things which together with information already available to the government will enable sound conclusions to be reached regarding the position of this and other branches of the textile industry in relation to British and foreign competition, and in particular, the extent to which the employer can reasonably and properly be expected to maintain employment over periods of temporary difficulty.

The minister recommends that for the purpose of making the said inquiry and examination, including the causes of the existing or any other such sudden cessation of industrial operations as may be referred to him, the Honourable W. F. A. Turgeon, of the Court of Appeal of Saskatchewan, be constituted a Royal Commissioner, under Part 1 of the Inquiries Act, Chapter 99 of the Revised Statutes of Canada, 1927, for the purpose of making such inquiry and examination, and that such commissioner have the special authority specified under part 3 of the said Act.

The minister further recommends that the commissioner be instructed to make his report as speedily as possible.

The committee concur in the foregoing recommendations and submit the same for approval.

E. J. Lemaire,
Clerk of the Privy Council.

After having read the order in council, it is perhaps not necessary to table it, but I shall be very glad to do so if that is desired. I think the order makes perfectly clear the purpose and intention of the government.

My right hon. friend had a great deal to say last session about state intervention. Now that the election is over and an act of state intervention of the character set forth in this order in council is taken, he immediately busies himself with raising objection to the particular form of state intervention applied

in this instance. I am inclined to think this is the most effective form of state intervention possible with regard to those matters which affect the lives of human beings. If any industry thinks it is being adversely affected by any act of this government, all it has to do is to make known its desire to have a full inquiry made into the way in which its activities are being conducted, and it will get an inquiry with expedition.

We heard on the eve of the general election from more than one head of a great industry in this country—and I might have cited these instances had I felt inclined to do so this afternoon—that if a Liberal administration were returned and anything were done with respect to the tariff, there would be as a consequence an immediate shutting down of the industry involved, with consequent loss of employment on the part of employees. In some instances, advertisements were circulated bearing upon them the names of the companies concerned, without question for the purpose of intimidating and of influencing their employees at the time of the general election. I gave my word at that time to the working men of this country that, if anything of that kind were attempted, it would not be long before the particular industry would be given every opportunity to show why it was necessary for it to take the action it did.

The day after this order in council was passed, the company at Sherbrooke found it possible to reopen. It issued a statement to the effect that, after all, it did not think the competition from Japan was going to be so serious. I can imagine what we would have heard from my right hon. friend to-day if no action of that kind had been taken. I personally should not have been the least surprised to have seen the closing down of this particular industrial plant followed by several others. My right hon. friend would have waxed eloquent indeed on the effects of the arrangement made with Japan. But all he could say yesterday was that he would prophesy that two years hence we would be a sorry lot for having restored trade relations with a great country like Japan. He said that was only a prophecy, but he would make it nevertheless. Well, I do not take much stock in my hon. friend's prophecies. Five years ago he told the electors that he would end unemployment, but he had to admit yesterday that unemployment in Canada was worse at the time he went out of office than it had been at any other time in the whole of its history. In the circumstances, I do not think my right hon. friend's prophecies amount to very much.

Mr. BENNETT: That is not what he said.

Mr. MACKENZIE KING: His words will stand. We will see them in Hansard. I think I have given their purport.

Mr. BENNETT: No.

Mr. MACKENZIE KING: It is fortunate we have Hansard because I notice that my right hon. friend every now and then denounces the press for printing things he never said.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: And there it ends; but, fortunately, the records of this House of Commons are kept where they are available to every hon. member, and we can see them for ourselves.

While on the question of our trade with Japan, may I say that the effect of the restoration of normal trade relations between Canada and Japan has been to put back to work thousands of men in the province of British Columbia and in other parts of this country. It has increased that purchasing power of which we have heard a good deal in recent years, which is so necessary to the people of Canada at this time. Instead of creating unemployment, it has been, along with another international agreement to which I shall refer a little later, a most important influence in helping to increase employment in industry, employment on the railways, and employment in many other directions.

My right hon. friend's next reference was to the legislation on unemployment. I shall not take up the time of the house at the moment in going into that question, because the bill itself will come before us very shortly. I should like, however, to direct attention to my right hon. friend's remarks with regard to the dominion-provincial conference, which discussed among other matters how most effectively the different provinces of the dominion and the municipalities might unite in solving the problem of unemployment. He said that he had never read a document so full of goodwill, so full of praise from one end to the other. May I tell my right hon. friend that good will is the basis of good work. The trouble with his administration in its relations with the provinces was that there never was a basis of good will. Good will is the thing above all others we have been seeking. We have it at last in this country as between the provinces and the dominion. Instead of ill will we have good will, in the effort to see what can be done to advance the commor interests of our country.

Mr. BENNETT: Ontario looks like it.

Mr. MACKENZIE KING: I shall not say more at the moment with regard to the work of the dominion-provincial conference. The record is there and speaks for itself. Any hon. member who looks at it will have reason, I think, to marvel not only at the number of subjects dealt with, but at the great care evidenced in the preparation of the agenda and the effective arrangements made for the consideration of the most important problems, as well as at the very successful manner in which the conference was carried on during the period of an entire week.

My right hon. friend also spoke about the wheat question. I am going to leave it to one of my colleagues to reply to him on this particular subject. All I want to say in a word is this, that, in nine and a half weeks following its appointment, the old board made net sales of only 12,500,000 bushels of wheat, whereas the new board, appointed on December 3, 1935, in the first six weeks of its operations, made net sales of 65,500,000 bushels. This accomplishment is all the more noteworthy, in that it was achieved without disturbing the price structure. May I here remind my right hon. friend of what he said last night as to his colleagues being fully informed on all matters. I remember our waiting in this house, not for a few days or weeks, but for months, until the right hon. gentleman could be here, where I am at this moment, and tell his colleagues as well as the house what he was going to do with respect to the matter of the sale of wheat.

Mr. BENNETT: What he was going to do, certainly, because we had not discussed the matter.

Mr. MACKENZIE KING: No, it was all solely in my right hon. friends head. And yet he says that his was a cabinet in which all members helped to make and control policy.

The Bank of Canada was another subject to which reference was made. A bill is mentioned in the speech from the throne in connection with the Bank of Canada and it will be time enough to discuss that matter when we reach it.

As regards the reference to the supreme court of several enactments passed at the last session of parliament, the leader of the opposition criticized the Minister of Justice for having appointed counsel to uphold the legislation. I wonder what his criticism would have been if the Minister of Justice had appointed someone to oppose it. The Minister of Justice was kinder to my right hon. friend than I was prepared to be. I suggested to the minister that we ought to ask my right hon. friend whether he would not accept a retainer, or, as he often generously acts without a retainer, whether he would not go before the supreme court and argue on behalf of his own legislation. The Minister of Justice said, however, that he thought that might put the right hon. gentleman in an embarrassing position. I must say I agreed with him, for if the legislation could not be supported it would be indeed very embarrassing to the right hon. gentleman. I should, however, have liked to see my right hon. friend trying to defend that legislation before the court, and that for two reasons: In the first place, he would have done it very well, and in the second, I would wish him to feel that the desire of the present government was to give the legislation every possible opportunity that could be afforded to have its validity proved. That step at least has been taken, and I think my right hon. friend will agree with me that the government has adopted the right course in endeavouring to uphold to the utmost of its power the legislation which this parliament put through. The fact that we have referred the legislation to the court, shows that we are carrying out what we had promised at the previous session we would do if we were returned to power.

I cannot agree with the leader of the opposition when he says that it would have been much better—nicer, I think, was the word he used—to have allowed all this legislation to remain on the statute books, until here and there actions were started and litigation commenced in the courts. I do not want to refer to a matter of domestic policy in another country, but I think that possibly it is appropriate to call attention to the confusion and the difficulty that have arisen in the United States as a consequence of legislation which had been on the statute books and had been administered for a period of years being declared ultra vires by the supreme court. We have tried to avoid anything of the kind happening in Canada, and in doing so I believe we have taken an entirely right step.

There are only two other subjects to which I will refer before I conclude; they are the two which I imagine are uppermost in the minds of hon. members. The first is the Canada-United States trade agreement. That agreement will come up for very full discussion in the course of another few days. There is at the present time on the order paper a notice of motion which I have given asking the house to approve of the agreement. There will subsequently be introduced bills which will provide the necessary legisla-

tion for giving effect to all of its provisions. In due course, therefore, we shall have ample time to discuss the merits of this agreement.

What I wish to touch upon this afternoon is the impression which my right hon. friend sought last night to convey, that this agreement, so far as Canada is concerned, was the result of hasty and possibly immature action. He resented very strongly the fact that the government should have concluded, in something less than a month after its return to office, an agreement so far-reaching in its nature. He began by referring to the negotiations having extended over a period of weeks. He then reduced the period to days, and finally got down to the point where the agreement had been arrived at in an hour or two. If my right hon. friend had been aware of the facts he would have known that in those three weeks no government ever worked harder on any measure than did the present administration with respect to this particular agreement.

The mover of the address (Mr. Slaght) was kind enough yesterday to make special reference to myself in connection with the negotiation of that agreement. He gave to me personally all but exclusive credit. This I desire immediately to disclaim. There is no man in this House of Commons who is more conscious than I am of the fact that any power which the leader of a political party has comes in the main from his following. His power comes from the men and women who are his supporters and who have been his supporters through the years. If I have been able, in connection with the negotiation of this particular agreement, to play a part that has been helpful, I attribute it above all else to the fact that it was known, when I went to Washington, that for nearly seventeen years I had had the loyal and wholehearted support of the Liberal party—a party which from one end of Canada to the other had advocated a reciprocal agreement with the United States —and that at no time had the leader of any other government in this dominion behind him such a following as I had at the time I began the negotiation of the agreement. In other words, there was a guarantee at once that we were in earnest; that we meant business, and that we were in a position to carry out effectively what we might undertake to do.

Contrast the position of my right hon. friend? He had a couple of years within which to show his bona fides. He had all the time required to make perfectly clear what his following would do, what he was able to do, yet weeks, months, years slipped by, with nothing or very little in the way of negotiation on his own part. Toward the end of last year there came the document which my right hon. friend put on Hansard last night. If that document meant anything, why did he not continue to proceed on the basis of negotiations that was laid down in it? He did not need to place that document on Hansard in order to have it known. He took good care to give it to the electorate at the beginning of the recent campaign. He took good care throughout the campaign to have it more or less inferred that he had been negotiating on the right lines: he was going to get concessions on lumber, on fish, on cattle, on milk and cream; he was going to get concessions on potatoes; he was going to get concessions on other things. It was all set out in this particular document. But in order to get it, it was necessary for him to get back into power. Now, was not that the fact?

Mr. BENNETT: No.

Mr. MACKENZIE KING: It is an inference, then, that is very apparent.

Mr. BENNETT: No.

Mr. MACKENZIE KING: I say, and I repeat, that my right hon. friend by his actions, in dilly-dallying as he did over a period of a couple of years in seeking to negotiate an agreement, gave the strongest reason to the people of the United States, and particularly its government, to believe that he was halfhearted about the whole project. Not only that: take his whole political life in relation to the matter of trade with the United States, and contrast it with the position of Liberal leaders in this House of Commons. He knows that since confederation up to 1911 an effort had been made on the part of both political parties to get a reciprocal agreement with the United States. He knows that under one Liberal administration, that of the Hon. Alexander Mackenzie, an agreement was negotiated but was defeated by the senate of the United States. He knows also that under another Liberal government, the great administration of the Right Hon. Sir Wilfrid Laurier, a splendid agreement was negotiated with the United States; and he knows, better than anyone else, that no one in Canada worked harder to defeat that agreement than he himself.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: And he says, "Hear, hear." May I recall to him the words of the Right Hon. Sir Wilfrid Laurier in reference to himself when he came into this house, I think it was—

Mr. LAPOINTE (Quebec East): In 1911.

Mr. MACKENZIE KING: —as a young member. Sir Wilfrid Laurier said that he thought my right hon. friend (Mr. Bennett) would live to see the day when he would regret having opposed a reciprocity agreement with the United States.

Mr. BENNETT: Oh, no.

Mr. MACKENZIE KING: Oh, yes, he did: he would regret having done it, and he would come to see the wisdom of an agreement being negotiated with that country. That prophecy came true. It is not like the prophecies of my right hon. friend. He shakes his head and says "No." Then he explains his whole position, because he now makes it perfectly clear that he never actually intended to try to secure an agreement.

Mr. BENNETT: Mr. Speaker, I must once more rise to a point of order. The right hon. gentleman has no right to misrepresent me. I said, when he stated that the Right Hon. Sir Wilfrid Laurier said I would live to regret it, I have not lived to regret the action I took in 1911, any more than Clifford Sifton did before he died. I have not lived to regret it. That, I repeat. That is all I desire to say.

Mr. LAPOINTE (Quebec East): That is a matter for a speech, not a question of order.

Mr. SPEAKER: It is not a question of order.

Mr. BENNETT: It is a point of order to this extent, that he has no right to misrepresent what I said.

Mr. SPEAKER: There is no point of order there.

Mr. MACKENZIE KING: We have just heard what my right hon. friend has said with respect to his zeal in making a treaty with the United States. I wonder whether he still holds to the sentiment he expressed at the time he was opposing the reciprocity agreement of 1911. My right hon. friend does not say.

Mr. BENNETT: With respect to that treaty, yes.

Mr. MACKENZIE KING: Well, let us see what my right hon. friend said at that time and see how his words would impress the government of the United States when my right hon. friend went to negotiate an agreement with them, or how they would impress the Canadian people as to his belief in the wisdom of an agreement of the kind. Speaking in this house on November 20, 1911, my right hon. friend said:

Mr. Speaker, the risk was real and the danger imminent. I doubt not that when the proposals to which I have referred were first introduced, they were regarded merely as trade proposals; but when it was ascertained that in their ultimate results they involved the whole future of Canada, then it was that the national spirit of our people was aroused. I venture to think that the right hon. gentleman who so successfully leads the opposition in this house would not have introduced those proposals if he could have foreseen that there would have arisen around them an agitation, the results of which were so vital to the imperial and national future of the country. While I mention the name of the right hon. gentleman, may I be permitted to tender to him my sincere congratulations upon his having attained another anniversary of his natal day, with the expression of the hope that he may be long spared faithfully and illustriously to serve the state in the position which he at present occupies.

Mr. Speaker, in that portion of this great dominion in which I am privileged to reside, a very substantial portion of our population has come from the great republic to the south, and one of the strongest reasons I had for opposing the reciprocity agreement was that it threw into the melting pot for solution a question that involved a problem in patriotism. When we remember that so large a portion of our population came from that great republic, where they inherited traditions that were at least not favourable to monarchial institutions; when they learned through the medium of the American press, that, however much their former political parties differed with each other, they showed unanimity in favour of these proposals, and when they found American public men preaching a doctrine that indicated that the consequences of this agreement would be the absorption of western Canada at least by the great republic, and at all events rendering impossible for all time the commercial and organic union of those overseas dominions and the motherland which comprise the British Empire, it was little wonder that these people allied themselves with those who were in favour of the reciprocity pact. But it is a pleasure for me to say on behalf of these new settlers that as soon as they discovered that the Canadian people were not in favour of the agreement, they responded to the prevailing sentiment, and made it apparent that they proposed to devote their time and energies to the upbuilding of this great country just as they had done in the land from which they came; and, as they are settlers who are accustomed to pioneer conditions, they are enabled, now that this question is settled for ever, to assist us in laying the foundations of a great state.

The question "settled forever"! No reciprocity with the United States as long as my right hon. friend had anything to do with it. That is the explanation of the remarks made by the present Postmaster General (Mr. Elliott) in the course of the last campaign: that it would be impossible for my right hon. friend to negotiate an agreement with the United States. Anyone who had declared

himself in those terms, and said he still held to them, would find it impossible to make a reciprocity agreement.

May I give another reason why there was strong cause for supposing that my right hon. friend would never succeed in negotiating an agreement. The people, not of this country alone but of other countries, know how he negotiated the Canada-United Kingdom agreement, and the kind of negotiator he was at that time.

An hon. MEMBER: Not bad.

Mr. MACKENZIE KING: Not bad! It could not have been worse. I am not speaking for the moment of the terms of the agreement; I am speaking of the methods of my right hon. friend in negotiating it. It was generally known as well that my right hon. friend had gone out of his way to help to create, or at least to prolong, a trade war with another great country, Japan. One who thinks in terms of economic nationalism, who advocates that we must have at least some form of commercial conflict with other nations, is not likely to be the person whom any country is going to trust and in whom it will have faith when it comes to the negotiation of a trade agreement.

I was more than amazed when I heard the leader of the opposition suggest that the President of the United States, while negotiating with him, might be a party to an agreement with another political party in this country. I was amazed that he could even think of such a thing. I am sure the president must be relieved that his government did not get very far with my right hon. friend, if that is the sort of view he entertains with respect to the responsibilities of one holding the highest position in his land. It was not worthy of my right hon. friend.

Mr. BENNETT: Now, Mr. Speaker, I will have to raise the question. The question of order, neatly put, is this: Has any speaker the right to misrepresent a statement made by another? It is represented that I suggested yesterday that the President of the United States had some form of arrangement or agreement with the right hon. gentleman with respect to a trade agreement. I stated yesterday positively that I did not hold any such view and could not possibly hold any such view. I do suggest to you, sir, that the right hon. gentleman must not be permitted to make statements containing three-quarters of the truth and then make statements that are wholly inaccurate with respect to what I have said. I call upon the chair to say to the speaker, whoever he may be, that he must not attribute to other members statements they did not make.

Mr. MACKENZIE KING: On the point of order, if it be such, may I read what my right hon. friend said last night as reported in Hansard at page 60:

> The Postmaster General (Mr. Elliott), in the speeches delivered during the campaign, said that the President of the United States would not negotiate with the Bennett government, and the Prime Minister of this country said that he would negotiate a treaty in ninety days. Does that mean that they had an arrangement that no agreement was to be made with that government, or does it mean this—
>
> Mr. Mackenzie King: Shame.
>
> Mr. Bennett: I beg your pardon?
>
> Mr. Mackenzie King: I say "shame" to the right hon. gentleman when he insinuates that a government with which he was dealing would enter into such an arrangement with another government.
>
> Mr. Bennett: That is what I am trying to say.
>
> Mr. Mackenzie King: And I say, "Shame."

And I repeat it at this moment.

Mr. BENNETT: I say again that the inference that has been drawn from the statement is not the proper inference. On page 61 of Hansard my right hon. friend will also find this:

> Mr. Bennett: ... and I decline to believe that the government of the United States was a party to any arrangement that would reflect upon itself. I say, shame; I agree with the Prime Minister; but the shame is to those who went about the country and tried to induce the people to believe that the United States would not carry on negotiations with the Conservative government of the day, but that there had to be a change of government to make a bargain with the United States. That is what I say.

There is the statement.

Mr. MACKENZIE KING: Perhaps I ought to have read the other statement made by my right hon. friend as reported at page 61, at the top of the page just before what he has now quoted:

> I ask this question: Did he make that statement by reason of having any arrangement with the United States government or anyone connected with it.

Mr. BENNETT: Exactly; that is what I say.

Mr. MACKENZIE KING: Very well, I shall not seek to say more. Let me say to my right hon. friend that I feel very much relieved that he now repudiates what he said yesterday, and that he has made it perfectly clear, that as the leader of a political party in this country,—he was not insinuating that the President of the United States had entered into an agreement with some other party while

negotiating with my right hon. friend. I accept my right hon. friend's statement; I am very happy to accept it.

Mr. BENNETT: Once more I have to say—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Hon. gentlemen opposite may have a huge majority, but the rules of this house are going to be observed. We have rights in this chamber, and hon. gentlemen opposite may as well begin to understand that through force of numbers and power they are not going to take from us, however small we may be, any of our rights. My point is this: At page 61 I said yesterday positively that I made no such statement, that I declined to believe any such statement. When the right hon. gentleman says he accepts my statement of to-day, that was simply the statement I made yesterday, and the right hon. gentleman has no right thus to misstate what I said.

Mr. MACKENZIE KING: Well, Mr. Speaker, I am prepared to leave myself and the leader of the opposition in the judgment of the house and to allow the English language to speak for itself.

What I really desired more particularly to tell the house is something of the nature of the negotiations which took place. As I have said, my right hon. friend has done his utmost to create the impression that the agreement was reached in a hasty manner and without due consideration. The present administration was returned to office on October 23. October 24 was Thanksgiving day. I attended Thanksgiving service in the morning and like a good many others, in expressing my thanks to providence for its many blessings, I included thanks for the country's deliverance from the government which for the five previous years had been in office. In the afternoon of that very first day of office, I called on the United States Minister to Canada, Mr. Norman Armour. I told Mr. Armour that I had come at once to confer with him because my colleagues and I regarded as the most important of all the questions before the people of Canada that of the negotiation of a trade agreement between the United States and Canada. I asked Mr. Armour if he would assist me in arranging an interview with the President of the United States at the earliest possible moment.

On the following day in council my colleagues and I immediately began to go over the whole matter of trade negotiations between Canada and the United States. As my right hon. friend very rightly said yesterday, everything that could be known with respect to the effect of the United States tariff upon Canada, and of the Canadian tariff upon the United States, and what was possible in the way of an agreement, within certain limits, had been worked out with great care by the members of the public services of this country and of the United States. All that ground had been gone over during the preceding year or two, and the information was immediately available to the administration. Most of it, not all, but a good part of it, had been available to my right hon. friend for nearly a year before. It naturally also became available to my colleagues and myself the moment we came into office. I want to be the first to express my appreciation of all that was done in a preliminary way, and done with great efficiency and exceptional skill, by the officials of the public service of this country.

We went over all the material very carefully. We had many meetings of council dealing with the question. What was even more to the point my colleagues the Minister of Justice (Mr. Lapointe), the Minister of Finance (Mr. Dunning), the Minister of Trade and Commerce (Mr. Euler) and the Minister of National Revenue (Mr. Ilsley) along with myself were constituted a committee of the cabinet to go very fully, and in detail, along with members of the service into the different matters which had to do with the questions that would come up in discussion with the United States. Within a day or two after we had gone over the ground with the officials here and had seen, as far as it was permissible to see, what had been placed before our predecessors in office, we immediately sent the officials of the Departments of External Affairs, Finance, Trade and Commerce, and National Revenue, who had been dealing with these matters, to Washington to get into touch with officials in the United States. We pointed out what concessions we were prepared to make, and what concessions we thought we ought to obtain. After our officials had taken up matters there with officials of the United States government, keeping in touch with our government over the long distance telephone and also by telegraph, as the United States officials were keeping in touch with their government, I went to Washington myself to have the interview with the president which had previously been arranged for the earliest possible date. My right hon. friend says that the press stated that I was leaving Ottawa on account of my health. I do not think the press said anything about my health; I believe it was said that I was going to take

a short vacation largely to get a chance to think over many matters after having had a very strenuous time in opposition, in a general election and in the formation of the government. I do not believe any one in the country thought that was anything out of the way.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: But may I say this; I was determined to take no vacation until I was perfectly satisfied it was going to be impossible to effect a beneficial agreement with the United States or until an agreement had been secured. I might immediately upon the formation of the government have gone on a vacation. I admit I was pretty tired at the time, but I felt the important thing for the people of Canada, and the most important of all the immediate duties of the government, was to see if we could work out a mutually beneficial trade agreement with the United States. I knew that every day that passed was going to make it more difficult to effect an agreement. We all know that as a government approaches the time of a general election it is more difficult for it to carry on negotiations. We all know that as a government is about to meet its parliament or congress, its ministers and others are more busily engaged than at other seasons, and with congress about to assemble the first week of January, with the general election coming in the United States this year, I believed there was not a moment to be lost, and my colleagues felt the same. We therefore devoted our time to the work of this agreement to the exclusion of everything else that it was possible to exclude.

It is not the number of years, it is not the number of months that are taken to do a thing; it is the intensity of effort and the will and determination given to a task that count in negotiations of this sort. As I have said, every hour, every moment of my time and much of the time of most of my colleagues was occupied with these matters until the day I went to Washington to confer with the president, and pretty much all thereafter until I returned to sign the agreement. When I was fortunate enough to meet the president our talks together were in the nature of interviews finally to determine what could and would be done. Every phase of the situation had, as I have already said, been reviewed with the departments of government in the United States by their own ministers, matters had been reviewed with the different departments here by our ministers, I mean the departments immediately concerned with the questions involved in the agreement, and then by the cabinet as a whole. Before I left, we knew exactly what we were prepared to do. There were a few matters outstanding. These matters had an important bearing upon any final arrangement that might be made. It was these matters that above all others I had to discuss with the President of the United States.

After I had had my conference with the president, the committees which had been active here and in Washington came together again and worked as hard as they possibly could, night as well as day, until finally we were able to iron out all the difficulties that had presented themselves up to that time, and to reach the terms of a final agreement on the night of Saturday, November 9. My colleagues knew how far I was at liberty to go before I left. I wished to make perfectly sure that they would know every detail before the final agreement was effected. I therefore returned to Ottawa immediately after reaching the point where I had an agreement in such form that it simply awaited the approval of the government here, having had the approval of the government of the United States before I left. I asked members of council to meet me early Monday morning November 11, which was Armistice day. I do not often do public work on Sunday, but I did ask two or three of my colleagues to meet me on my return to Ottawa on Sunday night, the Minister of Finance, the Minister of Trade and Commerce and the others I have mentioned, so that I might at that stage go with them in detail into the different points that had come up for further consideration. When the cabinet met on Monday we were in a position in a very short time to give our unanimous consent to the agreement which had been arrived at. Thereafter it had to be put into final shape for formal signature, a not inconsiderable task in itself. I mention these things in order to make it perfectly clear that the agreement as it was arrived at was the result, first of all, of the work which had been done by members of the public service of Canada, work which had been done in part under the auspices of my right hon. friend, and the importance of which I wish to be the first to acknowledge; work which was materially aided, may I say, by the legations both here and in Washington. And that is another feature I should like to bring to the attention of hon. members. I do not believe it would have been possible to have made such an agreement in so short a time but for the good will which prevailed on the part of our

friends in the United States legation here, the good will which prevailed towards the United States on the part of our representatives at Washington, and the fact that in these legations we were able to come into immediate touch with each other personally at a moment's notice instead of having to negotiate by correspondence.

I leave the matter there. When we come to the discussion of the agreement itself I shall then discuss its merits. But may I say to the house at this moment, that I believe the agreement which has been reached between the United States and Canada is one which will be productive of infinite good to both countries. I shall go further and say that I believe the action taken by the United States and Canada in negotiating this agreement will help to make for a better condition of things in other countries and other parts of the world. During these last few years the different countries of the world have been going mad through basing their actions on a false doctrine of economic nationalism, through having nothing to do with their neighbours, regarding trade as a species of warfare, instead of a matter of mutual interest. This agreement marked an improvement in that position, a complete change to another direction. I believe we will live to see the day when this agreement between the United States and Canada, will be held up as marking a new beginning in the relations between the countries of the world; a new beginning in the direction of more in the way of trade and of international friendship; and of less in the way of those things which make for ill to the world at large.

Before concluding I desire to say a word on the question of sanctions arising out of the Italo-Ethiopian war, and Article XVI of the Covenant of the League of Nations. Here again, I wish to reserve until a more appropriate time the discussion which this house will doubtless desire to have upon that subject. All that I shall deal with at the moment is the inference which I thought my right hon. friend sought to convey yesterday that Doctor Riddell, who is the advisory officer of the government at Geneva, in having proposed that oil and some other commodities should be added to those already included in the economic sanctions against Italy, was acting under instructions from the present administration. My right hon. friend went out of his way to say that he had had long experience with Doctor Riddell, and that he could think of no officer who had been more careful in the matter of taking directions from his government, who had been more punctilious about telegraphing for instructions and the like than Doctor Riddell had been. I am sure the impression left on the minds of those who heard my right hon. friend was that Doctor Riddell, with respect to this all important matter, at least must have communicated with the government and received substantial instructions from the government.

Mr. BENNETT: Quite the opposite.

Mr. MACKENZIE KING: In order to make the position clear may I give the house very briefly the main stages which have to be taken into account in considering this question of sanctions.

On October 7, 1935, the Council of the League of Nations concurred in the conclusion of the Committee of Six that Italy had resorted to war in disregard of its covenants. On October 11, 1935, the assembly of the league passed a resolution taking cognizance of the action of the council, calling attention to article 16 and recommending the establishement of a coordination committee to advise on sanctions to be applied. Between October 11 and October 19 the committee of coordination recommended the imposition of four economic and financial sanctions. Between the same dates, October 11 and October 19—all the dates are of course, in 1935—the Canadian delegation to the League of Nations concurred in the assembly resolution and participated in the committee discussion and recommendations. I ask you to notice, Mr. Speaker, that all the dates to which I have thus far referred were during the time my right hon. friend was Prime Minister and while his government was in office. The present administration did not take office until October 23. Prior to October 23, in fact as late as October 19, the Canadian delegation, the delegation which my right hon. friend had appointed and to which he had been giving instructions, concurred in the assembly resolution and participated in the committee discussions and recommendations.

When the present government took office we were immediately confronted with the recommendations of the committee, and our first duty was to say whether Canada would carry out these recommendations, whether we would apply sanctions with respect to the export of arms, credits to Italy, imports from Italy and the export of certain key products to Italy. On October 29 I issued a statement to the effect that Canada would apply these sanctions. The sanctions were enforced by Canada on the following dates: Embargo on the export of arms, October 31, 1935; prohibition of credits to Italy, November 15,

1935; embargo on imports from Italy, November 15, 1935; embargo on exports of certain key products to Italy, November 15, 1935.

That in a word is the whole story, apart from the feature to which special reference was made by my right hon. friend. He said that the hon. Minister of Justice (Mr. Lapointe), who was acting Prime Minister during the time I was absent, was wrong in having issued a statement to the effect that the proposal to impose an oil sanction was not the proposal of the government of Canada but was one which had been made by Doctor Riddell on his own responsibility. Let me say at once that I take full responsibility for what the acting Prime Minister did and said during the time of my absence. I would do so in any event; but I do so particularly because before taking the action he did my hon. friend and colleague communicated with me in Georgia where I was on vacation, and I expressly stated to him that I thought he should inform the people of Canada that the action with respect to oil sanctions taken at Geneva, which was being stated by the press to have been the action of the government of Canada, was not in fact the action of the government of Canada but that of the committee of the league itself.

That is the whole story, except as to whether or not it was a fact Doctor Riddell acted on his own authority or was acting under instructions from the government. Let me say at once that I agree with my right hon. friend when he says that Doctor Riddell is a very efficient public servant. I think on many occasions he has rendered Canada admirable service at Geneva. I have reason to believe that up to the time about which I am to speak he had been scrupulously careful about waiting until he had received instructions before taking action. I must say that having held that opinion of him, I had full confidence that nothing would be done at Geneva which might be construed as having been done in the name of Canada which the government of Canada itself had not authorized in the first instance. What was my amazement when on reading a morning paper I found that Doctor Riddell at Geneva was reported to have proposed to add oil, coal and steel to the list of commodities which by sanctions were to be prohibited from export to Italy. No instructions whatever had been sent to him authorizing anything of the kind. I immediately asked the under secretary of state if he could throw any light on the matter. I ascertained that a communication had come from Doctor Riddell saying that a question was likely to be raised at the league, with respect to the particular commodities to which I have referred, and asking what he was to do with respect to them. I recalled then having had this particular point mentioned and having directed that word was immediately to be sent that no action of any kind was to be taken by Doctor Riddell without specific instructions from the government. I asked whether that communication had been sent, and was informed that it had been sent within an hour after receipt of the communication from Doctor Riddell. So that so far as the present administration is concerned I say we gave specific direction to Doctor Riddell that he was to do nothing in the matter of extending sanctions without express direction from the government itself.

Mr. HEAPS: What was the date of the motion made by Doctor Riddell at the League of Nations?

Mr. BENNETT: It was not a motion; it was only a suggestion.

Mr. MACKENZIE KING: I believe I can ascertain the date, but may I say to the hon. member that it was a suggestion or motion made in the committee of coordination. Speaking from memory I believe the date was either November 2 or November 4, but I shall seek to advise the hon. member accurately.

Mr. HEAPS: Was the date of that suggestion by Doctor Riddell prior to the statement of the right hon. gentleman to the effect that he and his government were in favour of sanctions?

Mr. MACKENZIE KING: I have already stated that the government's action on sanctions was made public by myself on October 29. It was November 2 or November 4, I am not positive as to the date that Doctor Riddell took the action to which I have referred.

Mr. HEAPS: Would Doctor Riddell's action at the League of Nations be equivalent to carrying out the intention of the government as expressed by the statement of the Prime Minister?

Mr. MACKENZIE KING: No; the action of the government had specific reference to an embargo on the export of arms, the prohibition of credit to Italy, the embargo on imports from Italy, and the embargo on certain key products to Italy, all of which were definitely named and set forth, and had been decided upon by the committee of coordination at Geneva.

May I say to my right hon. friend, because I understand his difficulty in appreciating the situation, that the committee of coordination at Geneva was not a League of Nations committee in the sense in which I have no doubt he regards it. It was not a committee of the assembly nor a committee of the council. It was a committee of representatives of different countries represented at Geneva who took under review the question of deciding what particular sanctions the different countries that were representatives of the league would agree upon. This committee set up a further committee of eighteen.

Mr. CAHAN: Was not that committee set up by the council?

Mr. MACKENZIE KING: By the president of the committee.

Mr. BENNETT: Quite so.

Mr. MACKENZIE KING: The president himself named this subcommittee of the coordination committee.

Mr. CAHAN: It was action agreed upon by the council, I understand.

Mr. MACKENZIE KING: I shall not contradict my hon. friend at the moment, but I am pretty sure I am right and that he is mistaken, and that it was not a committee that was approved formally by the council at all. However, the committee as I say took under review from October 11 to 19 in the manner I have described the question of what particular sanctions should be applied, and sought to ascertain through communication with the different governments represented at the league whether or not they would be agreeable to these particular sanctions. When agreement was found to exist between practically all the countries that were members of the league, then the different countries were notified of the decision that it would be desirable to have the sanctions imposed, and each country took its own action on its own authority, as my right hon. friend yesterday said it was its duty to do. In other words, there had been a violation of the covenant and the different members of the league had an obligation to impose certain penalties as a result of that particular violation.

Mr. CAHAN: Would the right hon. gentleman explain what Doctor Riddell said or did or moved or suggested?—because there is some doubt in my mind.

Mr. MACKENZIE KING: I am coming to that. Doctor Riddell's statement of what he said was this. He had understood that the question of adding oil, coal, iron, copper—

[Mr. Mackenzie King.]

Mr. BENNETT: Steel.

Mr. MACKENZIE KING: —steel and one or two other commodities was to come up for consideration on a particular day—I think it was November 3—and he sent a telegram stating that the question was likely to come up and asking for instructions. The answer was sent to him, as I have said, within an hour after this communication had been received, telling him to take no action at all, to exercise no initiative in any way in a matter of the kind; to wait for instructions from the government before acting on any of these matters. It so happened that within a very short time after Doctor Riddell had sent his first cable the question came up, wholly he says unexpectedly.

Mr. BENNETT: In the committee.

Mr. MACKENZIE KING: In the committee. He had thought it would be another day or two before it would come up, but coming up in this unexpected way he did not wait until he had received an answer to his first cable but took it upon himself to make the proposal that oil and certain other commodities should be added to the list of articles which were to be prohibited export to Italy.

Mr. BENNETT: Was it a suggestion or a proposal, may I ask the right hon. gentleman?

Mr. MACKENZIE KING: I think possibly much depends upon the value to be attached to either word. It was a suggestion; it was a proposal; I take the terms as being more or less synonymous. What I want to bring out very clearly is this, that Doctor Riddell as regards the action he took says, and I think quite rightly, that he was not in any sense to be regarded as acting for Canada, that he was simply acting as a member of a committee on which he had been asked to serve and on which he had been working with other members.

Mr. BENNETT: And whose proceedings were private, as I understand it.

Mr. MACKENZIE KING: I understand that the proceedings, as my right hon. friend says, were private or rather were supposed to be private. May I say this, which I think should be made quite clear with respect to the question of oil being added to the list of sanctions. That matter had been proposed before Doctor Riddell proposed it, by one of the European countries. As a matter of fact, from what he says to me, it seemed to have been taken for granted generally that oil would be included in the sanctions, and

apparently oil received at that time very little in the way of discussion or consideration at all. The discussion took place more particularly in reference to copper and in reference to derivatives of natural products. There seems to have been a difference of view between members as to whether the sanctions should be confined to natural products or whether they should also include derivatives, and in order, as it were, to equalize the matter between the different countries Doctor Riddell as a member of the committee says that he made the suggestion he did, and made it with the best of intentions and in all good faith.

That I think is the whole story. I believe that Doctor Riddell thought he was doing what was right, that his intentions were entirely right. I do not criticize him on that score at all, but I do say that he had no authority and no right to take any step that was at all likely to be of importance in a critical situation such as there was in Europe at that time without specific instructions and authority from the government of Canada, especially as it was impossible to have the action he took at Geneva interpreted otherwise than as part of the action of the government of this country. When the statement appeared the government immediately communicated with Doctor Riddell and reprimanded him for the action he had taken. He was told in plain language that he had exceeded his authority, that he should not have taken the step he did, and that he was not to take any further action without most careful and full instructions. I have since so expressed myself to Doctor Riddell in Ottawa. On receipt of the government's cable Doctor Riddell immediately cabled back regretting that he had by his action embarrassed the government. I think he embarrassed more than the government. I think his action served to embarrass the country as a whole, and to embarrass to some extent, although it may have been well intended, the whole situation in Europe.

My right hon. friend says that we should not have taken any further step in the matter. May I say that when we became aware of Doctor Riddell's statement and of what he had done, we considered very carefully whether we should not immediately publicly repudiate his act, and it was only because we were most anxious not to take any step which might possibly embarrass the situation in Europe or which might appear even remotely to indicate an exception on the part of Canada to what was being done by other parts of the British empire, that we refrained from taking any action of that kind. In addition to that we were anxious to hear from Doctor Riddell himself the circumstances surrounding his action and to know fully from him what it was that caused him to take the action he did. We wanted to know all the circumstances pertaining thereto. For these reasons—and I think they were good reasons, wise reasons—nothing further was said at the time about the matter.

If other countries had referred, as they should have done, to the action taken at that time by the committee as the action of a committee and not as the action of any member of the committee or of any particular country, or government, nothing further would need to have been said. But the situation wholly changed when after a short time the press of England and of Europe began to refer from day to day to the proposed application of an oil sanction as the especial desire of the government of Canada, and gave to it the designation of the Canadian proposal, and when representatives of the British and other governments at Geneva were being told that the proposal was Canada's proposal and that they should hasten their action because Canada was anxious and insistent in the matter. I do not know whether hon. members realize the extent to which that impression was being created throughout Europe. Let me read some of the references as they appeared in the British press. The News Chronicle of November 4 has the following:

> Far the most interesting event at Saturday's sitting of the committee was Canada's proposal that the list of key products to be barred to Italy should be extended so as to include oil, petrol, coal, iron and steel. We hope this body will proceed at once to examine and report upon how far general acceptance can be obtained for the Canadian proposal.

And on November 5:

> The ban on these exports proposed by the new Liberal government of Canada will not come into force ... until the conditions exist for making effective. The proposal originally made by Canada to place an embargo on these and other products ...

The Morning Post of November 5 carried the following:

> Oil and coal sanctions. Canada's proposal discussed.
>
> The Canadian proposal is in a way the touchstone of the practical value of economic sanctions.... It is also of interest that Chile made certain reservations this morning on the Canadian proposal.

I quote next from the Observer of November 4:

> Canada's new proposal. Serious effect on Italy.
>
> The most important proposal before the committee of eighteen to-day came from Canada, who brought forward the suggestion that

petroleum and its derivatives, coal, iron, cast iron and steel, be added to the list of banned exports to Italy.

Mr. CAHAN: Are these cables from Geneva or are they editorial comments?

Mr. MACKENZIE KING: These are articles which appeared in the newspapers of England. I have quoted from the News Chronicle, the Morning Post and the Observer. I will give one from the Daily Telegraph of November 4:

Ban on coal and oil urged. Canada's move at Geneva.

Canada, supported by Great Britain, to-day proposed that exports to Italy and to Italian possessions of oil and its by-products, coal, cast iron and steel, should be prohibited.

Next I quote from the London Spectator of November 22:

No rapid results can be looked for unless the extension of the list of key products proposed by Canada is agreed on.

And on November 29:

Canada, very properly dissatisfied with a list of key commodities from which the master key was absent, proposed that petrol and coal should be added, provided that the non-league states were willing to cooperate.

These articles hon. gentlemen will I think agree, are not at all uncertain in the emphasis they place on the proposal being one, not of an individual, not of a committee, but of the government of Canada, and of the present federal government as distinguished from all preceding governments.

Mr. CAHAN: It is simply an exemplification of Geneva politics.

Mr. MACKENZIE KING: My hon. friend knows a good deal about that, and he can speak with some degree of authority. He has asked about dispatches from Geneva. I have one or two which I might read and which appeared in our own Canadian newspapers. I quote the following dispatch from Geneva, dated November 5, which came through the Associated Press:

An official communiqué said a Canadian proposal adopted by the sub-committee provided that the list of "key products" barred to Italy should be extended by various articles "as soon as conditions necessary to render this extension effective have been realized."

Then there is a dispatch dated London, November 26, by the Canadian Press:

Official quarters mentioned that Britain already agreed in principle to the proposal at Geneva of Doctor W. A. Riddell of Canada, that coal and oil be added to the list of products not to be sent to Italy, when such an embargo could be made effective.

[Mr. Mackenzie King.]

Then there is a dispatch from Geneva, November 26, Canadian Press—Havas:

League of Nations circles believed to-night an oil embargo against Italy will go into effect early in December, in conformity with Canada's proposal to the League sanctions committee.

I might quote a great many more, but I think that what I have quoted is sufficient to show why, when the press, not only of England and Europe but of all the countries of the world, began to refer to the matter of the application of oil sanctions as Canada's proposal, a proposal of the Canadian government, the time had come, having regard to the critical situation that was known to exist at that moment in Europe, to make very clear, so far as Canada was concerned, that it was not Canada's proposal, that it was not the Canadian government's proposal, but that it was simply the proposal of an individual member of a committee and should have been known, if it was to be designated at all as a proposal, as that of the committee which had been appointed to review these matters.

What did Sir Samuel Hoare say, speaking as Foreign Secretary in the British House of Commons, as to how this particular proposal should have been designated? I quote from a report that appears in the London Times of December 6, 1935:

As to the embargo upon oil, about which there has been so much public discussion, I need only say that, as in the whole field of collective action, so in this particular part of it, we are prepared to play our part. The League has already agreed to the embargo in principle. Great Britain has already agreed to it in principle. I should like to make it quite clear that no one government is any more responsible than another for this collective decision, or indeed for any of the sanctions proposals. These proposals are put forward by subcommittees on which many governments are represented. They are laid before the Committee of Eighteen on the responsibility of the whole subcommittee from which they come.

If that statement had been made some time before, it would not have been necessary for the Minister of Justice, in my absence, to make a statement which I would have made myself had I been here; but it was after the statement was made by the Minister of Justice, making perfectly clear that this proposal was not the proposal of the Canadian government or, in any particular of Canada, but was the proposal of the committee, that the British Foreign Secretary at the time saw the wisdom and the desirability of making that abundantly plain to everyone in Europe and elsewhere, wherever his utterance might reach.

What my hon. colleague the Minister of Justice did was exactly what the British Foreign Secretary did in the statement I have

read. He issued a statement of fact, which made it perfectly clear, without commenting in any way at all on the merits of the proposal, but dealing exclusively with its origin, that this sanction proposal was not a Canadian proposal but was one of the committee of the league. He simply stated the truth.

Now I ask hon. members of this house: do they think it was not desirable for the Canadian government to make the truth perfectly clear, particularly at the time? After all apart from other considerations there is such a thing as a sense of proportion in international affairs as in all else. Do hon. members think that it is Canada's role at Geneva to attempt to regulate a European war and to say what other countries are to do with respect to the manner in which a European was is to be carried on? I think it appalling to contemplate the possible consequences of even such action being taken by any representative of this country in Geneva; and not desiring that Canada should appear in any such light or be placed in any such light, the government took good care to make clear the position, as it did.

Mr. CAHAN: Is there any difference between the responsibility of a suggestion being made by a member of this committee, who happened to be the representative of Canada, and subsequent acquiescence in and approval of the whole report or proposal of the committee?

Mr. MACKENZIE KING: There is a very great deal of difference, and my hon. friend knows there is. The question of approval is a matter for consideration. I am glad my hon. friend has interrupted me, because it will help to make the matter quite clear in an all important particular which is evidently in his mind and of which I have not spoken as yet. The question of oil sanctions has not yet been approved. There is as yet no acquiescence.

Mr. BENNETT: By anybody?

Mr. MACKENZIE KING: By anybody. I cannot make that too clear, that whether there will be an actual application of oil sanctions remains yet to be considered. When that proposal comes before this country, if it does come, it will be considered on its merits. Up to the present time there has been no proposal for application made and there has been no acquiescence in any proposed application. What we wished to make perfectly clear was the exact position of Canada with regard to the origin of a proposal which is still being considered.

May I add this: my right hon. friend has referred to what he read in a paper as he went through the Panama canal about the action of—

Mr. CAHAN: May I interrupt? I was probably mistaken, because I was away myself, and what I read I read in the papers. But I understood that after this suggestion had been made in committee, and made public, the leading nations, England, France, others, concurred in this sanction being applied, the only reservation being an inquiry as to the time and circumstances under which it should be applied.

Mr. MACKENZIE KING: After the committee had considered this matter they communicated with different countries to ascertain whether they would approve an oil sanction. My hon. friend is right in saying that countries were circularized to that effect, but few replied.

Mr. BENNETT: The subcommittee of the co-ordinating committee actually reported in favour of it, and had the statement made by Sir Samuel Hoare been made by the Minister of Justice I do not think anyone could have made any complaint. But it was the terms in which the statement was made that I was speaking of yesterday.

Mr. MACKENZIE KING: Now my right hon. friend is changing his ground entirely. It is now a question of the terms. I am very glad, however, to have my right hon. friend say that all he objected to was the terms in which the matter was referred to rather than the matter itself. I am very glad to know that that is my right hon. friend's view. In other words, he thinks it was wholly proper that the government of Canada should have made a statement similar to that which was made by Sir Samuel Hoare, and which made it perfectly clear that this proposal was not Canada's proposal or the Canadian government's proposal.

Mr. BENNETT: I think what should have been done was exactly what Sir Samuel Hoare did—to say that any of these proposals emanating from the subcommittee in the report to the main committee were the proposals, not of any government, but of the subcommittee reporting to the committee. I think that would have been the proper thing. But it was vastly different from what was said.

Mr. MACKENZIE KING: When I was interrupted—

Mr. CAHAN: I beg pardon. I was simply seeking information.

Mr. MACKENZIE KING: I know that my hon. friend is always more than polite, particularly towards myself. May I say that when for the moment I stopped speaking I was referring to what the leader of the opposition said with regard to the effect on his mind of what he read in a paper as he was going through the Panama canal; the fact that something had been said in an Italian paper, drawing its own inferences and conclusions from the statement that had been issued at Ottawa. I would like to ask my right hon. friend and other hon. members of this house, knowing the very critical condition of affairs in Europe at that time, and that, by pressing the matter of oil sanctions at that stage, a situation might have arisen in Europe the like of which has not been known since the great war, whether this government would have been kept free from criticism if it had not made known that this was not a Canadian proposal but was a proposal of the whole committee. I am not at all sure that, when the whole story comes to be told, it may not be discovered that, but for the action of the government of Canada in this particular matter, at that particular time, the whole of Europe might have been aflame to-day. What would then have been said of "Canada's proposal"? That is a matter worth considering. I had all this very much in my mind when the other day I was speaking of the appalling consequences of the possible result of words spoken, or action taken, without mature consideration and due authority.

I think I have covered all that I wish to say on that matter at the present time. There is one further subject to which I ought to refer, because it was a promise made by my right hon. friend, and I am afraid it is one that he is apt to overlook. He was critical of the statement I issued on the night of the general elections, October 14, and he said he was going to ask some one of his followers to put this statement on Hansard. I have noticed very often that when my right hon. friend wants to evade a subject and not have it come up again, he states what he is going to do at some other time, and then it is not done. I do not want to have him trouble any of his immediate following, and on the other hand I do not want this statement to go unnoticed; so with his permission and that of the house, I will conclude what I have to say by reading the statement myself. I think it admirably sums up the significance of the recent campaign, and indicates pretty clearly the will and wish and views of the people of Canada.

[Mr. Cahan.]

Mr. BENNETT: Is that the statement I referred to yesterday? Is it the full statement? The statement I had in mind seems rather longer than that.

Mr. MACKENZIE KING: No. I know my right hon. friend will regret the length of this statement, but it is the one to which he referred:

I thank the people of Canada for the confidence they have to-day expressed in Liberal principles and policies, in the Liberal party, and in myself as its leader. The Liberal party has placed its trust in the people. The people to-day have reciprocated that trust in abundant measure. It will not be betrayed.

I congratulate the members of the Liberal party on the splendid campaign they have waged. We have been attacked on all sides, and we have won on all fronts. To-day's overwhelming victory is the response of the people made effective through organized effort in a great cause, which was begun the moment the Liberal party went into opposition in 1930, and which has been carried forward with increasing vigour and determination. In this great effort, men and women, young and old, have equally shared. It has been furthered by a strong and helpful Liberal press; and by efficient organization in all parts of Canada—from the headquarters of the National Liberal Federation in Ottawa and provincial Liberal associations in the provinces, to the committees of Liberal workers in municipalities and in the remotest rural polls.

The whole-hearted cooperation of the Liberal premiers and governments of eight of the nine provinces of Canada was an exceptionally significant feature of the campaign, and one which may be expected to contribute in no uncertain way to the solution of many of our country's perplexing problems.

To-day's victory is a victory for democracy. It discloses that the people may be relied upon to exercise their judgment clearly, in spite of innumerable and unscrupulous efforts to divert the electorate from the real issues before them. It constitutes a great deliverance; a deliverance of the people from one-man government, from mistaken policies, and from autocratic leadership. It is a triumph for broad principles and policies, as against promises and pledges recklessly and extravagantly made for the sole purpose of winning an election. It is a declaration that tradition, experience and achievement are still regarded by the Canadian people as one of the greatest assets a political party may possess. It is a direct response to the Liberal protest against all forms of dictatorship in Canada, whether they incline towards Fascism, Socialism or Sovietism, and equally against endless and dangerous experimentation in matters of government. It is a direct response to the appeal for the maintenance of British parliamentary practice and procedure. It proclaims the end of the superman idea. It is clear evidence of the desire of the people of Canada to maintain high standards in Canadian public life, and to enjoy a tone in the discussion of public affairs wholly different from that to which, both in and out of parliament, they have become accustomed during the last five years. It makes clear that the people of Canada have had enough of "blasting" methods, and of the "iron heel";

that they wish to see concord replace discord, and cooperation replace dissension within our own borders; and that good will and not ill will should prevail between Canada and other countries.

The results afford the strongest condemnation of the attempts made by the Bennett government to debauch the people with expenditures from the public treasury, and of the efforts made by Mr. Bennett himself to intimidate the electorate through fear, by raising the bogeys of communism, of the undermining of Canada's industrial standards by unrestricted oriental and other foreign competition, and of the wholesale destruction which he said would await industry under a Liberal government. They afford a conclusive condemnation of the unworthy means employed in the endeavour to effect a so called national government in Canada; to do, after an election, what no political party was prepared to sponsor in the campaign itself. It is proof of the folly of individuals, whatever their motives, summoning new political parties into being, giving them their names and programs, and expecting any appreciable measure of support. It is to be hoped that the campaign of 1935 will witness the end of hysteria, and a speedy return to sanity, in the discussion and administration of the country's affairs.

In the present campaign, the Liberal party concentrated upon the issues which it considered to be vital to the recovery of our national life, but it by no means restricted its discussion to them. It made its position clear upon all questions of immediate concern. The results of to-day's voting may, therefore, be regarded as an all but unanimous endorsation of the principles and policies set forth.

To-day's election discloses that the people share the view, which the Liberal party has all along maintained, that unemployment is Canada's most urgent national problem. It is an endorsation of the Liberal proposal to deal with this question by means of a representative national commission, and by policies which will serve to revive industry and trade.

The results make equally clear that the people generally share the view, kept to the fore by the Liberal party, that trade is the basis of industrial and commercial development; and that a Canadian government should do all in its power to negotiate trade agreements with all countries willing to trade with Canada on a reciprocal basis. The results make clear that the people of Canada are opposed to planning for scarcity by the restriction of production, of trade, and of employment, and that they are not satisfied with the Ottawa trade agreements, and welcome the prospect of their early revision. Everywhere Mr. Bennett has said that the verdict of this election would be a verdict for or against the empire trade pacts of 1932. There can no longer be any mistake as to what the people think of those agreements and of Mr. Bennett's methods of their negotiation.

The election is an unmistakable verdict in favour of the liberation of external and internal trade; and in favour of a reciprocal agreement with the United States, and of the restoration of trade with Japan upon a mutually beneficial basis in the case of each of these countries. It constitutes a demand for the abolition of the extravagant increases in the tariff, together with the removal of arbitrary taxes and regulations, as imposed by the present administration, which have had the effect of strangling the commerce of the nation, exploiting consumers, and robbing railways of business. It is a demand for an end to the making and altering of tariffs by executive action, and for the substitution of stability for uncertainty in the administration of customs laws. It is an overwhelming condemnation of the policies of economic nationalism, economic isolation, and economic imperialism, upon which the present government has proceeded in all its legislation; and a corresponding demand for the substitution of policies which will make for economic freedom, national expansion, and international good will.

The election is an endorsation of the Liberal view that credit is a public matter, not of interest to bankers only but of direct concern to every citizen. It is a verdict against a privately owned and controlled central bank, and in favour of a properly constituted national bank to perform the functions of rediscount and the control of currency issue considered in terms of public need. There can be no mistaking the demand for a restoration to the government of Canada of control over credit and currency issue. As the campaign proceeded the issue of the control, by the people, of all functions of government, through their representatives in parliament, and not by any other power, became increasingly clear. The electorate has declared that a responsible ministry, not organized finance and international money power, is to control in all matters of state.

The election is an overwhelming verdict against amalgamation of the railways of Canada and against the creation of other monopolies, whether related to the agencies of transportation and communication, production, trade, industry or banking.

It is a verdict for the democratization of industry and the rights of labour and consumers to have their voice heard and influence felt in the control of industrial policy. It is a warning and rebuke to arrogant employers of labour who have sought to intimidate their employees and to prevent them from enjoying the free exercise of the franchise which is the birthright of every Canadian citizen.

Above all, the election is a demand for the restoration of responsible government in Canada, and government not by a single individual but by the collective wisdom of many minds. The people have expressed their determination to end one man government and to reverse the trend of the past five years in the direction of dictatorship. They have overwhelmingly condemned the present government and the abritrary and autocratic methods by which it has proceeded from the day it assumed office, and the manner in which it has persistently defied the unmistakable will of the people.

It is a verdict in favour of personal liberty, electoral reform, and of measures which will, among other things, prevent the national radio being surreptitiously used by any political party for the defamation of character.

It is a verdict in favour of the reduction of the burden of public debt and taxation, and in favour of the attainment of a balanced budget.

It is a verdict in favour of those courses in international relations which will make for peace and good will.

It is a verdict in favour of a more equitable distribution of wealth, with increasing regard

to human need, to the furtherance of social justice, and to the promotion of the common good.

These are all principles and policies which the Liberal party has consistently and continuously espoused, and for which it has steadily fought. We began the fight for these policies and principles in the parliament of Canada. We carried our advocacy of them to the people in byelections and in provincial elections. The voice of the people, though clear and decisive, remained unheeded, and their will and wish ignored. We have now submitted our policies to the people in a general election. We have received their endorsation. We shall proceed to put these policies into effect.

A century ago Liberalism in Canada had its birth in the struggle for political liberty and responsible government. The existence of both has been threatened in the period of time that Mr. Bennett has been at the head of affairs. They have been maintained in the measure they have only by continuous and strenuous effort on the part of Liberals in and out of parliament. They will now be fully restored by a Liberal government.

In the new era which dawns to-day the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before. Poverty and adversity, want and misery, are the enemies which Liberalism will seek to banish from our land. They have lain in wait at the gate of every Canadian home during the past five years, and their menacing mien has served to destroy the souls as well as the minds and bodies of an ever increasing number of men, women and children in our land. 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 to 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.

The people of Canada have made clear that, in their opinion, "present material interests," and a course of action which does not distinguish between materialistic and spiritual values, must make way for something nobler in the conduct of a nation's affairs; and that self-seeking and selfishness, however much they may appear to lead to worldly success, are not the paths of true greatness either for an individual or a nation. The people of Canada to-day have reaffirmed their faith in the ancient and beneficent precepts that it is only by sharing each other's burdens and doing unto others as we would have others do unto us that men and nations can serve their own best interest and the common good.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, it is quite unnecessary for me to attempt to cover the ground gone over by the leader of the opposition (Mr. Bennett) and the Prime Minister (Mr. Mackenzie King), nor do I consider it necessary to repeat the formal compliments which have already been given. I might however express my appreciation of the very kind reference to myself made by the hon. member for Parry Sound (Mr. Slaght).

We have heard a good deal in the way of echoes from the last election and the general political situation. I do not intend to spend much time on that sort of thing. It may be inevitable that we should have some crowing by the victors, although I must say that the spectacle is not very edifying. While there may be something in the statement that we have been delivered from a one man government, we might ask whether we have been delivered from minority government. The point made by the leader of the opposition was not, I think, answered by the Prime Minister, the fact being that of all those who were eligible to vote only some thirty-five per cent did vote for the party which now is represented on the government side in such very large numbers.

Mr. McLEAN (Melfort): A lot of persons who were counted as voters were dead and buried.

Mr. WOODSWORTH: The fact that such a large number of members were elected by a minority of votes does not really touch the point, because the government, having such a large majority, is able to exercise almost complete control over legislation that may be proposed in this house, and certainly can determine whether or not any legislation shall pass. As a matter of fact, of the total vote cast, 4,392,227, the Liberals received 2,058,699. The plea used to be made that we should have representation by population. I have wondered, in view of the figures I have just given, whether there should not be some change in the electoral system that would give a larger measure of equity.

I have in my possession a document which is now worn almost thin. It is entitled Liberals and Labour, and was issued by the National Liberal committee in 1921, publication No 11. Resolution No. 10 therein accepts the principle of proportional representation. I do not know whether that is to-day a part of Liberal policy. We in our corner every once in a while for some fifteen years tried to bring that particular resolution of the Liberal party to the attention of the Liberals. For nine years of those fifteen the Liberals were in office, and it does seem to me that if they are true to the principles they enunciated and gave to the public some years ago we should have something in the nature of electoral reform brought down at this session of the house.

The Prime Minister referred to those of us in this section of the house and classed us all

together as independents. I would almost have thought he would do us the courtesy of using the names which we have chosen and which have become familiar to the whole country.

Mr. STEVENS: It is the new democracy.

Mr. WOODSWORTH: Instead of that he rather arrogantly classes us all together as independents. We are not Liberals; we are not Conservatives, we are a strange assortment that has to be put all together.

Miss MACPHAIL: Thank heaven for that!

Mr. WOODSWORTH: I suppose if the Prime Minister chooses to adopt that terminology we shall have to submit, but I suggest that it does not add to the clarity of our discussions or the good will of an assemblage of this kind when one individual, even a prime minister, attempts for his own purposes to class together people who have just come through a campaign in which they have very clearly set out their differences one from the other, and to say that "although I put these all together in one group, it is manifest that these people differ among themselves."

But since we have all been put together I point out that one of the most significant features of the recent election is that over a million people voted for one or another of the groups or individuals that are neither Liberal nor Conservative. I think it is a remarkable thing that a million people in Canada should express dissatisfaction with the old historical parties and with that for which the old historical parties stand. I would remind the government that although they seem to be so firmly entrenched, those who are to be classed as independent, the riffraff as it were, do represent over half the number of votes that were cast for the Liberals who are now in the seats of the mighty.

Mr. MACKENZIE KING: May I ask my hon. friend what term he would use in describing the parties other than the official opposition and the government? What term does he suggest? I did not wish to be offensive; I was seeking what I thought would be the most acceptable term in referring collectively to those groups which are other than the official opposition and the government.

Mr. WOODSWORTH: If the Prime Minister must refer to them, possibly the phraseology which he himself has just now used might be acceptable.

Mr. MACKENZIE KING: What is that?

Mr. WOODSWORTH: "Groups other than the official opposition." It may be proper to group together those who are standing on more or less the same platform as the Liberals, but I repeat, it does not add anything to the understanding of our national problems to attempt to put together groups that have very little in common and then to proceed further and say that these groups differ among themselves. I just point that out in passing. My point is that these groups who are so classed together obtained from the electorate half as many votes as those obtained by the Liberals.

Mr. DUNNING: They do not agree as well as we do.

Mr. WOODSWORTH: One of the most humorous slogans of the election in my judgment was this: "Elect King and get action." I wish it were true, because I have been long enough in this house to desire action above almost anything else. I would point out that the government have, as they boast, a very large majority in the house. Further than that, as they again boast, most of the provincial governments are of the same political complexion as themselves. Under these circumstances I would say that the government have absolutely no excuse for lack of action. It is clear that with a large majority in the house and with most of the provinces of the same political complexion the government have absolutely no excuse for non-action. Undoubtedly a large number of people voted for the Liberals in the hope of securing action. Now the Liberals have their chance. We in our small group will do our utmost to cooperate with the government in any sort of progressive legislation. We are small in numbers, but we represent a constituency of nearly 400,000 people. Our attitude in the house in the past has been and will continue to be that of giving support to a government on any progressive legislation, and we wish the present government well in the great task upon which they have entered.

I hold in my hand a leaflet which indicates the Liberal party's position on some immediate problems. It was issued by the National Liberal Federation of Canada, 114 Wellington street, Ottawa, just prior to the election.

Mr. MACKENZIE KING: Two years ago.

Mr. WOODSWORTH: I suppose the position would be the same to-day as it was two years ago. So far as I can see the leaflet is not dated. Additional copies of the leaflet may be obtained at a cost of

thirty-five cents per hundred. As I read the speech from the throne my thoughts were directed to this leaflet. As a matter of fact, in that speech very little progressive legislation is adumbrated—very little. We have a very small legislative program before us. I may be permitted to call attention to several items, the absence of which is very significant.

The leaflet indicates, in the opening paragraph, that the Liberal party considers "unemployment of first concern." In the speech from the throne we find the observation that unemployment is Canada's most urgent problem. That being so, it is unfortunate the Prime Minister had not a word to say concerning unemployment in that short three and a half hour speech of his. As unemployment is one of Canada's outstanding problems, I say it is unfortunate the right hon. gentleman did not say something about it.

Mr. MACKENZIE KING: I do not wish to interrupt my hon. friend, but I must remind him that I did refer to legislation, and also mentioned the amount of employment which had been given as a result of one or two measures for which the government is already responsible.

Mr. WOODSWORTH: More employment may have been mentioned, but I believe hon. members will bear me out when I say that no statement was made as to what the government intended to do with regard to the great problem of unemployment. In the leaflet before me the Liberal party had stated that we should have a representative national commission. I believe that is promised in the speech from the throne. They had this further to say, however:

> As permanent measures the Liberal party is pledged to introduce policies which will serve to provide employment by reviving industry and trade—

Then I should like to draw attention to the following words appearing in bold type, "And to introduce a national system of unemployment insurance." The government may say that we already have such a system, and that its constitutionality is now being tested before the courts. I am aware of that; but we have no indication from the government as to what it proposes to do or what its attitude may be. We know very well that last year the Liberal party criticized severely indeed the proposals offered by the then government. What are we to expect in the next year or so? What are we to have by way of relief in the meantime? Those are the matters about which I am concerned. There is no definite proposal put forward by the government in the speech from the throne.

Again we find that this leaflet calls for the "control of investments," and the following paragraph appears in relation thereto:

> The Liberal party believes the financial mismanagement of industry is largely responsible for many conditions obtaining to-day.
>
> To prevent exploitation of the public through the sale of watered stocks and worthless securities, it believes an investment control board should be established, with supervision of issues of securities by companies incorporated under federal charters.

I quite agree with the idea behind that statement, but we have no indication in the speech from the throne that anything of the kind is proposed. So far as I know this matter is not before the courts. The constitutionality of a measure of this kind is not in question. Why does not the government propose to implement the statement of policy it gave to the country?

Further than that with regard to the democratization of industry, to which the Prime Minister referred even as late as the date of the leaflet, which was issued on the night of the election, we find this:

> The Liberal party believes that industrial reconstruction is the problem of the future. It will seek in industrial relations as opportunity offers to give to workers and consumers a larger share in the government of industry.

So far as I can see there is no indication in the speech from the throne that anything is to be done at this session to implement that promise. I wish something could be done. Meantime many workers are engaged in industries in which they have no chance for anything like freedom. It is not sufficient simply to pass pious resolutions of this kind—I will not say "to make promises," because the Prime Minister is supposed not to have made any promises. I say it is not sufficient to pass resolutions and send out statements of this kind without seeking to implement them at the earliest possible opportunity.

Then, in a reference to the "more equitable distribution of wealth," we find this paragraph:

> The Liberal party recognizes that the problem of distribution has become more important than that of production, and believes that personality is more sacred than property. It will devote itself to finding ways and means of effecting a fair and just distribution of wealth with increasing regard to human need, to the furtherance of social justice and to the promotion of the common good.

Those are fine sounding phrases with which we may all agree. But I must ask this: What indication is there in the speech from the

throne that at this session any legislation will be brought down to carry out the statements contained in the leaflet?

Under the circumstances I should like to propose an amendment to the address in reply, seconded by the hon. member for Rosetown-Biggar (Mr. Coldwell) that the following words be added to the motion:

"We respectfully regret, however, that Your Excellency's present advisers have not indicated that they have any policy or intend to take definite and immediate steps to end the prevailing poverty and insecurity of the masses by making available to the people of Canada the great actual and potential wealth of the country."

I think all hon. members have recognized the serious nature of the depression through which we have been passing. I, for one, sympathize with any government called upon to administer capitalism under these conditions. Frankly, however, what I am afraid of is that with the slightest move toward an upswing in conditions, the government will refuse to take that radical action so essential under existing circumstances. On every side we are hearing talk about returning prosperity, and I suppose if some slight betterment in conditions comes to us there is no doubt that the government will take credit for having brought this about. That of course is the ordinary practice of politicians. I would say this, however, that as I analyze the situation, and as we have been trying in past years to place the case before parliament, I cannot believe we are going to have any permanent prosperity, and I am suggesting it is time to give attention to some of the more radical policies which we believe to be necessary. In the first place, we face a greatly increased productive capacity. In his book on Technics and Civilization, Mr. Lewis Mumford states that the average workman to-day has the equivalent of 240 mechanical slaves, and can do in a week what would need four years and seven months to do unaided. If the ordinary working man is capable with machinery of producing such a great quantity of wealth or new material, what are we going to do with the workmen who are not needed? Undoubtedly that is one of the main problems that face us at the present time. I do hope that in this house we shall not begin once more to say that either one government or the other is responsible for unemployment. Undoubtedly unemployment is due to grave economic maladjustments. The question is: How is any government going to solve this problem?

The federal reserve board in the United States recently reported:

In February last industrial production was 90 per cent of the 1923-1925 average, but the employment was only 80 per cent and payrolls only 64 per cent.

I fancy that conditions obtaining in Canada are very similar. What do those figures mean? They mean that production is up; that employment is lagging, and that payrolls are lagging still more. That is a serious situation from the strictly economic standpoint. Let me repeat: It means that production is up; employment is lagging, but payrolls are lagging still more.

The United States government has appropriated some twelve million dollars to make surveys into the trends of employment and production. Some of the facts which instigated the inquiry were these: From 1919 to 1929 volume of production in manufacturing industries increased 37 per cent, while employment dropped 2 per cent. Freight car loadings increased 6 per cent from 1923 to 1929, and employment on steam railways declined 10 per cent.

I will just interject that they have no Canadian National railway problem there, and that is one of the reasons I am using these American figures. Further, according to the statement before me, coal production increased 10 per cent from 1919 to 1929, while employment dropped 14 per cent. Despite an increase in production of agricultural commodities, 800,000 agricultural workers were displaced between 1919 and 1927. That the trend shown by the data given above has continued since 1929 is indicated by the fact that the output per man hour in manufacturing industries is estimated to have increased approximately 25 per cent between 1929 and 1935.

You see the seriousness of those statistics. In commenting on a similar situation in Great Britain, W. G. Gray, president of the British Institute of Mining and Metallurgy, says:

We are face to face with something entirely new in human experience.

My quarrel with Liberal doctrine is not that it advocates individual freedom and all that kind of thing, but rather that Liberal policies are essentially based on conditions that no longer exist. If we are to secure true individual freedom and true security we shall have to recognize the conditions that are here now and that are apparently permanent.

I should like to call the attention of the house, and particularly those members who do not read the New Republic regularly, to a very illuminating article by Mr. Chase which appeared in its issue of December 18, 1935. Mr. Chase admits that business is more active; that profit levels have improved; that the dollar volume of retail sales is substan-

tially above what it was a year ago; that the annual income is increasing; that power output and machine-tool production are back to 1929 levels, indicating among other things an augmented flow of labour-saving devices with inanimate energy to power them; that new motor cars, most of them bought on the instalment plan, are filling the roads; that the stock market is becoming active.

Then he gives the other side of the picture: Car loadings tend to remain on the same plateau; unemployment remains; construction industry is still a third less than normal; commercial loans are declining.

Then he puts his finger upon the real difficulty. He says:

> Commercial loans are falling; government loans are rising.

It is curious that in the bank statements which appear in our papers that particular fact has not received very much emphasis. Commercial loans are falling; government loans are rising. Mr. Chase goes on to say:

> The whole balance rests not on a regained equilibrium in private enterprise, after a purging of capital claims, but on government credit. The private-capital market is not functioning, as it did in the upswing from all earlier depressions. Meanwhile, billions of capital claims have not been squeezed out. Outgo is padded with huge "unnatural" capital charges. The principal, including common stocks, of capital claims is still in the neighbourhood of three hundred billions, and a return is demanded as heretofore. Government debts are rapidly being added to the total. The amount of savings that must be promptly and frequently reallocated to preserve balance is enormous.

Then a little bit further on he makes this very significant statement which I confess I had not considered before reading his article. He says:

> "Balance the budget," cries the sound money camp, but to balance the government budget to-day can only mean to unbalance the dollar system.

I think that is a very, very important consideration. On every side people are urging the government to balance the budget, but I would venture to say that if the government does balance its budget the very people who are now urging this would be the first to be seriously affected because to do so would unbalance the whole financial system, for to-day an important sphere of investment is government bonds.

I see it is almost six o'clock, Mr. Speaker, but I should like to emphasize that whatever party may be in power, it must face an economic situation that is unprecedented, and any prosperity that may come to us, if my analysis is at all correct, is bound to be of the most temporary character. We must build for the future.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. WOODSWORTH: When the house rose I was endeavouring to point out some of the prominent economic trends which prevail to-day and which we must recognize if we would solve the problems that confront us. I pointed out that while production was going up, wages were not going up correspondingly, and that employment also was lagging behind. There are important consequences which of necessity follow from that situation. In the very first place we face the lack of consuming power; unless wages are paid we cannot hope that the goods which are produced will be bought. That is one of our fundamental troubles to-day, and under the capitalist system if goods are not bought there is a slackening of the machinery of production. People will not produce unless profits can be obtained, and the slackening of production, following a vicious circle, leads to a still greater measure of unemployment and still lower wages.

Further, there is one other economic result that is all important from the standpoint of the system itself; we reach a point where, if profits cannot be obtained, the system stalls. I think we are now very near that position. As I said once in the house last year, when I read some socialist economists many years ago I used to wonder exactly what was meant by the contradictions of capitalism. To-day, I believe, we understand only too well because we live in an era in which these contradictions are becoming apparent to us all.

Another of these trends about which I should like to speak is this, that expanding markets are not readily available and certainly cannot be depended upon to solve our economic problems. Five years ago when we assembled in this house the Conservatives stressed the possibility of unemployment being solved by higher tariffs. The years since then have demonstrated that their solution did not work. The Liberals now come into office and they emphasize the possibility of wider markets. I am quite confident that the next five years, and perhaps a much shorter period than that, will demonstrate that their scheme will not work either. The trouble is deeper than the question of protection or of lower tariffs.

I was very much interested in reading in the Manitoba Free Press of January 11, 1936, a letter from Miss E. Cora Hind, who, as everyone knows, is quite a specialist on agricultural affairs. Miss Hind writes:

> Having now visited Norway, Sweden, Germany, Poland, Roumania, Jugoslavia, Hungary, Austria and Czechoslovakia, and looked into the possibility of these countries for the export of Canadian wheat, I must frankly confess that I am disappointed at the outlook. Before leaving Canada, I in common with many others felt that a change in government, and more liberal customs and trade arrangements, would be practically all that was needed to reestablish much of the former trade to Europe. I feel now that the task, while not an impossible one, will be a more difficult one and will take more time than was anticipated.

Commenting on this editorially, the Free Press said:

> Miss Hind's judgment on this point, based as it is on personal investigation, will be accepted as authoritative.

The latter part of the editorial is less ingenuous when it suggests that it is easier to throw markets away than to whistle them back. It is not going to be easy to find markets for our wheat, and I suggest that it is not going to be easy to-day to find markets for any large export from Canada. I do not want to go into an argument which I have used previously in this house, but I would point out that in the earlier days of capitalism there was nearly always an expanding market. It was in those days that the trade of Great Britain flourished. Later on other nations came into the picture. They too began to export to countries that had once been consumer countries and had become themselves producer countries and thus competitors of Great Britain. Since the war that tendency has greatly increased. We witness perhaps the outstanding example in Japan, which a few years ago used to consume our goods but is now producing and exporting not merely consumable goods but capital goods as well.

I do not think the Liberal doctrine has sufficiently recognized the development which has taken place in the capitalist system. The Liberal party is still depending upon a constantly enlarged market to keep the system going and to bring back prosperity. I do not say that there cannot be developed or found certain markets; I hope there will be. But I do say that we cannot depend upon a constantly increasing market as an economic solution of our problems.

A change of government has taken place, but I submit that our pressing problems remain unchanged. Among these I would call special attention to the unemployment situation and the distress that prevails at the present time. According to a statement made about a month ago by the Canadian Welfare Association, while employment in Canada has reached its highest level since December, 1930 relief costs have not moved correspondingly downward, and there are still more than one million Canadians in receipt of direct unemployment relief. The Minister of Labour (Mr. Rogers) is not in his place, but undoubtedly he can give us the very latest figures. I fancy, however, that the figures I have just given are substantially correct. Take my own city. In Winnipeg nearly 24,000 heads of families have registered since 1924. In 1933, the peak was 9,734 families and in September, 1935, it was 7,309.

I need not speak of the demoralizing effect of this situation upon families that for some years have been on relief. In the first place these families are being crowded into very narrow and inadequate living quarters. The whole standard of living is being lowered; for whereas a few years ago it was considered necessary, for a moderately sized family, that there should be at least three or four rooms, to-day the ordinary family is being housed in two rooms. This surely is not sufficient to maintain what we have regarded as a Canadian standard of living. And that is not in a few individual cases; it is a wholesale matter. Food, perhaps, is more or less adequate, but there are a great many things besides meat and potatoes that people need in order to have a proper variety in their food; and as regards extras of any kind, the people are very greatly lacking. Household supplies have run down during these years, and we are faced with a serious state of affairs throughout the country.

In rural Manitoba the director of public health nurses recently asked for clothing for 600 children who otherwise would not continue at school during the winter. The Junior League, which is not at all a radical organization, in offering assistance stated its belief that the responsibility for providing clothing for destitute children is a necessary government service and not one for private charity. I quite agree that it is a necessary government service to provide clothing for these 600 children. Think of it! In the small province of Manitoba there are 600 children who, unless they are provided for by charity, cannot go to public school. Surely that is a serious thing in this rich country of ours. I agree that this is a public responsibility, but behind that it is decidedly a public responsibility, a government responsibility, to

see that such gifts of charity should not be required; that the need for them should not continue.

I would like to commend the government for its dealing so far with the system of the single men's unemployed camps. I think the evidence which has been brought forward in connection with the reports and investigations that have been made justifies what we said in this corner last year. I am glad to learn that we are to have these camps transferred from the Department of National Defence to the Labour department. This is a good move. We stated here that the difficulty was not primarily that of food, although evidence before the British Columbia commission showed that at that time there was very much to be desired in the way of the food; the real difficulty has been that of segregating large numbers of young people, who ought to be at regular work, who ought to be filled with hope, in these camps where they have remained year after year without any hope of anything better in the future. We have urged, and I would urge again—

Mr. SPEAKER: I might call the attention of the hon. gentleman that he has exhausted his time to speak.

Mr. WOODSWORTH: Mr. Speaker, might I point out that a motion is before the house. The motion is technically one of non-confidence, and I have the right to speak beyond the forty-minute time.

As I have said, we have advocated again and again a program of work and wages. We should have real work, not a putting-in of time—

Mr. SPEAKER: Order. I call to the hon. gentleman's attention that he is too late now to move the motion.

Mr. WOODSWORTH: The motion has been proposed, Mr. Speaker. A copy was sent to the Speaker.

Mr. MACKENZIE KING: The hon. member is quite right. It was read.

Mr. SPEAKER: Well, I did not hear it.

Mr. WOODSWORTH: I think Hansard will bear me out.

Mr. SPEAKER: No motion was given to me.

Mr. WOODSWORTH: But it was made on the floor of the house, and the records of Hansard will prove it.

Mr. MACKENZIE KING: May I point out to my hon. friend that the motion should have been sent to the Speaker.

[Mr. Woodsworth.]

Mr. WOODSWORTH: It was.

Mr. MACKENZIE KING: Was it read?

Mr. WOODSWORTH: The motion was sent up to the Speaker. It was not my fault that it was not read.

Mr. SPEAKER: I did not read it.

Mr. WOODSWORTH: No; I say it was not my fault that the Speaker did not read it. It was sent to the Speaker as well as to the Prime Minister and the leader of the opposition.

Mr. MACKENZIE KING: I think it had better be read and thereby regularized; my hon. friend might then take another forty minutes.

Mr. BENNETT: He reads the amendment himself, indicating that he proposes to move it when he concludes his speech. Then the Speaker reads it; that gives the hon. member the right to continue his remarks, and at the same time to speak longer than forty minutes. The Speaker will read it as an amendment to the original motion.

Mr. MacINNIS: Mr. Speaker, I was going to call attention to the fact that that was the way in which the motion was moved yesterday for an address to His Excellency the Governor General. The mover read the motion when he rose to his feet, and after he had finished speaking the Speaker put the motion. What was good yesterday should be good to-day.

Mr. MACKENZIE (Vancouver): That was a different kind of motion. The motion yesterday was in the possession of the Speaker before the forty minutes had elapsed. To-day it was not.

Mr. HEAPS: I saw the hon. member for Vancouver East (Mr. MacInnis) send one copy to the Speaker, one to the leader of the opposition, and one to the Prime Minister. Whether the Speaker received it or not I cannot say, but I do not think it is stated anywhere in the rules of the house that the Speaker is bound to read the motion in order to allow the hon. member who is moving it to speak more than forty minutes.

Mr. CHEVRIER (Ottawa): Beauchesne's Parliamentary Rule and Forms, citation 376, states:

> No motion is regularly before the house until it has been read from the chair.

Mr. MACKENZIE KING: I would point out that the rules of the house are made, not to restrict the liberties of members, but rather to protect them; and in this case there

certainly has been a misunderstanding on the part of some hon. members. The hon. member who has the floor unquestionably indicated at the beginning of his remarks that he had an amendment. He was kind enough to send one copy to myself. I have no doubt he sent one copy to His Honour the Speaker; but as an old member of the house he will recall that he should have waited until the Speaker had read the motion before proceeding with his discussion. It would then have been regular. But he did not do that, I am perfectly sure through an oversight. I think under the circumstances the matter would be regularized by the Speaker reading the motion now, and the discussion being then proceeded with.

Mr. SPEAKER: Moved by Mr. Woodsworth, seconded by Mr. Coldwell:

That the following words be added to the motion:

"We respectfully regret, however, that Your Excellency's present advisers have not indicated that they have any policy or intend to take definite and immediate steps to end the prevailing poverty and insecurity of the masses by making available to the people of Canada the great actual and potential wealth of the country."

Mr. WOODSWORTH: Mr. Speaker, I appreciate the kindness of the Prime Minister in regularizing the action in this way. I would point out that since the Speaker had the motion in his own hand he might at least have read it before the forty minutes had elapsed. I was trying to point out that what was desirable in connection with the young men who are unemployed was real work and real wages. We shall have to wait until the legislation is before us to know just how far the government is prepared to act in this regard. I should like however to say now that, while there is so much work to be done in this country in the way of building and reforestation and so on, there is no reason whatever why the men cannot be given real work that will be of permanent value to this country. Further than that, since these young men are out of work through no fault of their own, there is no reason why the state should not pay them reasonable wages. I was rather sorry to find in the report that a good deal of stress was laid upon the danger of agitators in the camps. There may be agitators in the camps, but I think we all recognize that agitation does not get very far unless there is some ground for agitation. If conditions are not good, as long as men are not slaves they have a right to proclaim the evils that exist or to band themselves together in order to obtain redress from those evils. This was extremely difficult to do under conditions that prevailed during the last two or three years.

I should like to impress upon the house the necessity of our looking at these unemployed in an altogether different way from what we have been accustomed to do in the past. We have been too much inclined to think that they were near criminals, or that they should be treated as paupers. To-day tens of thousands of people are out of work through no fault of their own. If there is any fault, it is that of the governments of this country that have not been able so to adjust conditions that these men and women could find the work that formerly they had. They should not be penalized more than any other section of the community. They should not be regarded as paupers. There were some men who ran in this election, formerly members of this house, who were defeated. What happened to them? They were provided with jobs of various kinds. Some were found positions in the Senate; some were put on important commissions, and so on. There were other men who belong to the smaller parties in this house who were also defeated. To-day some of them are in the bread line. There is no fundamental difference between the man who is provided with a job in the Senate or on a commission, simply in order that he may be cared for, and the man who is in a relief camp simply because the state has not afforded any way by which he can earn an honest living. We need to get away from the idea that these unemployed people are either paupers or criminals.

There is another matter to which I should like to direct attention, and that is the huge debt which is hanging over our people. I am afraid the hysterical people of this country are not to be found only among the unemployed. I was interested to note this language in a recent issue of the Montreal Daily Star of February 6, 1936:

—this country is on the verge of disaster, nearer to a smash than it has ever been, nearer than it was in 1929, when the economic world rocked about our ears and it seemed as if we were plunging directly into the maelstrom.

And again:

The simple truth in that we are face to face with a crash which, unless it is averted, will blast this country's future and lead us into an economic darkness of such density and duration as to stagger the imagination.

Those are not my words. Possibly some of us will be rather reminded of the "whispers of death" of some years ago. However the facts are serious enough, and I am glad to note that the Minister of Finance (Mr. Dunning)

nods his head in approval. We have sometimes urged that sooner or later debts will have to be scaled down or the interest will have to be reduced and sometimes we have been told that this means repudiation in whole or in part. I do not like the word "repudiation," but I do say very definitely that just as international debts in practice have been repudiated, so I think it is only a matter of time until, whether under a Liberal or a Conservative government, these internal debts of ours will have to be materially scaled down. I do not see any other way out. The other day I came across a very interesting letter issued by Mead and Company of Montreal dated December 19, 1935. In making a plea for debt conversion the letter gave the burden of debt as follows:

Gross Funded Debt

	Direct debt	Contingent debt	Total
Dominion government..	$3,100,000,000	$1,100,000,000	$4,200,000,000
Provincial government..	1,500,000,000	130,000,000	1,630,000,000
Municipal government..	1,400,000,000	.....	1,400,000,000
	$6,000,000,000	$1,230,000,000	$7,230,000,000

In other words the direct debt of these three amounts to $6,000,000,000 and the contingent debt to $1,230,000,000, or a total of $7,230,000,000. Mead and Company continue:

> The direct internal funded debt of the dominion government is approximately $2,300,000,000. The total internal funded debt of the dominion, provinces and municipalities is estimated at not less than $4,500,000,000 and is probably nearer $5,000,000,000. School or other public debts are not included, nor are unfunded floating debts, etc., etc.

Later they urge:

> Compulsory conversion is, in effect, a capital levy; it is a form of conscription. "Capital" is surely sufficiently alert to its own interests to be willing to surrender a little to save a great deal. We have never succeeded in distributing the sacrifice of war evenly among our people—

I am delighted indeed to find a commercial organization taking that ground, which I may say we have taken again and again.

> We have never succeeded in distributing the sacrifice of war evenly among our people—

Listen:

> —there seems no good reason why people of means should be less willing, in emergency, to surrender a portion of their wealth than they would their own or their sons' bodies. Internal disruption is not less dangerous than foreign aggression whether we think in terms of liberty, social institutions or trade. If compulsory conversion is to be avoided, self interest may dictate what patriotism merely urges.

I commend that to business men in this country. I think it is rather important, and I delight to have it come from at least a few of the people who are recognized in the business world. Let me read it again:

> If compulsory conversion is to be avoided, self interest may dictate what patriotism merely urges.

I take it that the time is coming when we shall have to consider very carefully the burdens that rest upon the people of this country.

There are very serious conditions indeed among the farmers of the west. Last year for some weeks I was out among the farmers in southwestern Manitoba and southern Saskatchewan where I found the most deplorable conditions, due not to unemployment but very largely to climatic conditions coupled with the enormous debts which the farmers have to carry. I met families whom I had known thirty years ago, when they were in a fair way to success; to-day they are living on relief, and whole communities are desperate. I found some families who had moved to northern Saskatchewan—and there are members from that district who know these conditions as well as or better than I do—living in a destitute condition. What have we done for these people? We have handed them out a little bit of relief. It is quite true that some provision was made by this house some years ago for dealing with the drought situation. I believe a few ponds have been dug for the storage of water; I believe here, there and yonder a little has been done in the way of strip farming, but nothing has been done on a very extensive scale and certainly no adequate provisions has been made that would allow these farmers to maintain their standards of living and their self respect. I ask why these conditions should be perpetuated at a time when other people are living in comparative luxury. There is no reason whatever for such a situation.

Since taking office the government has been active along several lines. To-day we heard about the United States agreement. Personally I think it is good as far as it goes, but I should like to ask: What about the method employed? We are told it is an agree-

ment rather than a treaty, and as such most of its clauses do not need to be ratified by parliament. That is the information we have been given. I am inclined to think that if the Prime Minister were sitting on this side of the house he would have a great deal to say about such an action taking away the rights of parliament. Some hon. members may recall what he said several years ago in connection with the Ottawa conference. In discussing the agreements there made he said, according to Hansard for 1932-1933, volume I, at page 41, in urging that the government should have made only a tentative agreement:

> We are no longer free to settle in our own parliament what our fiscal policy is to be because that has been settled for us by a meeting of the executives of different parts of the empire, and that without consultation with their several parliaments in advance.... Will this House of Commons have the right to alter one line of those agreements? Will this house have any opportunity of lowering or raising any duties as fixed in those agreements? Will the British government have that right? On the contrary, will not all legislative bodies be told, "These agreements were arrived at in the conference at Ottawa and they are to be put through without any change whatever." What then becomes of the freedom of parliament? What is the significance of parliament in that event? Why have a parliament at all, if executives of different parts of the empire can meet together and lay down a new imperial policy and compel its adoption by the imputation of a want of patriotism or a desire to bring about the dismemberment of the empire, as against those who are not prepared to support such measures?

Well, I personally do not worry a great deal about the method, but I should like the Prime Minister at his leisure to explain why it is that he complains so bitterly of the methods used at the Imperial conference in regard to the Ottawa agreements and yet feels free to bring to this house an agreement which need not be ratified in its details by the house, but which, we are told, is to go through as arranged.

Mr. MACKENZIE KING: I do not like to interrupt, but the two are entirely different. May I say that all that has been effected up to the present has been the reduction of certain duties under a statute that this parliament passed, which gave to the government authority to reduce duties at any time provided a like concession was made to it by some other country. The agreement to which I took exception and to which my hon. friend has referred was an agreement which increased duties, put additional taxation on the people of this country without parliament having authorized anything of the kind by statute or otherwise.

Mr. BENNETT: It did not become operative until passed by this parliament.

Mr. MACKENZIE KING: Neither will this agreement.

Mr. BENNETT: It is operative now, since the first of January.

Mr. WOODSWORTH: Well, we may leave that to be threshed out in future. Personally I cannot see wherein the difference lies. I am glad it is in the direction of lower tariffs, but at the same time I do not see that the method in the two cases is so fundamentally different.

Then there is the question of Japan. The other day I read an editorial in the Winnipeg Free Press, a paper which I try to read from time to time, in which the statement was made that the duty had been reduced from 176 per cent to 148 per cent. I am not sure whether that is true. The Free Press commented at that time that this was under a Liberal government; that the manufacturers of the east should not make a great fuss when they still have a protection of 148 per cent. There is, I believe, some question as to the rate, but I understand that in any event it is over 100 per cent. I should like to call this to the attention of my friend the hon. member for North Huron (Mr. Deachman) and ask whether he is altogether satisfied that under a Liberal government we should still have a duty of 100 per cent.

However I do rejoice to-night in the partial conversion of the Liberals. I congratulate them on calling the bluff of the textile people. I recall several years ago an excellent statement made by the hon. member for Beauharnois-Laprairie (Mr. Raymond), as to the enormous profits made by the corporation concerned. I think the Free Press in its editorial had a note that during the five years 1930-1934 the Dominion Textiles Company had distributed dividends amounting to $7,091,000, at the same time paying low wages. Undoubtedly the government has done well in calling the bluff of that corporation. But there is one further point. The Liberals are actually recognizing the need for state intervention. They are not as hopeless as I thought. I hope that in the future the precedent which they have adopted in this case will be carried out.

There is one other proposal in the speech from the throne to which I wish to refer, and that is the national loan board. Perhaps something of this kind is inevitable. But it is indeed an irony that it should be a Liberal government which proposes that the provinces should surrender their autonomy in financial affairs. If such action is taken there

should be an assumption by the dominion government of a corresponding responsibility for social services. It is curious how we are quite willing to centralize the mounted police force, but not willing to centralize the giving of relief, the lack of which so largely accounts for the necessity of the mounted police, if indeed there is such necessity. The matter of unemployment is still considered primarily one for the provinces; old age pensions are still considered primarily a provincial matter, as well as health, education, and all those things. Yet now, without taking over any responsibility for these important functions, we are to have centralization in the realm of finance. It seems to me that is very serious indeed. As I thought of this I was reminded of an old Hebrew law, and I turned up the book of Deuteronomy, the fifteenth chapter, and I should like to read, in the revised version, verses 1 and 2; 12 to 14; and 16 and 17:

> At the end of every seven years thou shalt make a release. And this is the manner of the release: Every creditor shall release that which he hath lent unto his neighbour; he shall not exact it of his neighbour and his brother; because the Lord's release hath been proclaimed....
>
> If thy brother, an Hebrew man, or an Hebrew woman, be sold unto thee, and serve thee six years; then in the seventh year thou shalt let him go free from thee. And when thou lettest him go free from thee, thou shalt not let him go empty; thou shalt furnish him liberally out of thy flock, and out of thy threshing-floor, and out of thy winepress; as the Lord thy God hath blessed thee thou shalt give unto him....
>
> And it shall be, if he say unto thee, I will not go out from thee; because he loveth thee and thine house, because he is well with thee; then thou shalt take an awl, and thrust it through his ear unto the door, and he shall be thy servant forever. And also unto thy maidservant thou shalt do likewise.

Well, I suggest that the awl that makes people perpetual slaves may very well prove to be the national loan board. In all seriousness, there is a very great danger that we may stabilize our debts and by so doing place an impossible burden upon the great mass of our people.

In the resolution which I proposed I urged that there is nothing in the speech from the throne that would indicate that any definite or any immediate steps are being taken to relieve the poverty or insecurity of the masses by making available to the people of Canada the great actual and potential wealth of the country. Undoubtedly we have in this country great actual wealth, and we have still greater potential wealth. But the fact is that we have not done anything very definite in distributing this wealth. I do not think I can do better than follow the Prime Minister's example by reading a portion of a speech that I made on a previous occasion. About a year ago, on March 28, 1935, I spoke on the distribution of wealth as follows:

> Recently I had occasion to make a study, with the help of some friends, of some of the statistical information supplied by the Year Book and from the census. If the income tax returns are combined with the figures of earnings it is possible to show the distribution of income among a very large section of the population. I may say that we were not able to secure any information as to the distribution of farm incomes. But leaving out farm income, we have some 2,713,000 wage earners and other income receivers for whom it is possible to estimate the distribution of income for the year 1930-31.

Those were the better years.

> I have before me a table which gives the distribution of the number of income receivers, other than agricultural, and their income in Canada, for the year 1930-31. This is a short table, and with the permission of the house I will place it on Hansard in its present form.

Table 3.—Estimated Distribution of Number of Income Receivers (other than agricultural) and their Income, Canada 1930-1931

Size of income	Number of persons (male and female)	Per cent of total	Income (millions of dollars)	Per cent of total income
Under—$ 1,000	1,526,000	56.2	790.0	25.4
$ 1,000— 1,500	643,000	23.7	805.0	25.9
1,500— 3,000	448,000	16.5	896.0	28.8
3,000— 10,000	85,000	3.2	401.0	12.9
10,000—and over	11,000	0.4	219.0	7.0
Totals	2,713,000	100.0	3,111.0	100.0

From this table it will be seen that 56·2 per cent of the income receivers, both males and females, receive less than $1,000 per year. The total ernings of these workers constitute only one-quarter of the total income of all persons, although they form more than half of the aggregate number. Slightly less than one-quarter of the workers have incomes between $1,000 and $1,500, and the aggregate incomes of these persons are a little more than one-

quarter of the total. The two groups receiving less than $1,500 per year thus form approximately 80 per cent of the total number, yet they received only a little more than half the total income. The other 20 per cent of the income receivers, those getting more than $1,500 per year, secured almost half of the total income. The group with the highest incomes, those getting more than $10,000, was composed of only 11,000 individuals, and yet this small group received an aggregate income equal to that of more than 400,000 of the poorest paid workers.

According to this statement, the great majority of the income receivers, that is, 1,526,000, receive less than $1,000 per year. I would point out that the family budget as published by the Dominion Department of Labour provides for $800 for food and housing for a family. On that basis a family would need an annual income of from $1,200 to $1,500 to meet the requirements for a decent standard of living, but according to the statistics of the government the vast majority of the people of this country are forced to live on a standard below what would be considered as reasonable. There is no need for such things in a country like this possessing such great resources and spendlid equipment.

On that occasion I went on to refer to a committee appointed a year and a half ago, I believe by the federal government of the United States, to consider what it was possible to produce in that country, with their present equipment, if the equipment were properly organized. The figure established was $4,400 per family. That is, without any additions to their present industrial equipment, and using what they have to full capacity, it would be possible to produce in the United States an income of $4,400 per family. I fancy that the conditions in that country are not greatly dissimilar from those in Canada. We will put the figure at $4,000, if you like, or even at $3.000. In contrast, the vast majority of families in Canada are receiving less than $1,000, a great many in the vicinity of $600 or $700, and many more are out of work and hence are receiving no regular income, only that derived from state or charity.

That is a serious condition. Are we not stupid if we continue a system whereby most of the people are receiving less than $1,000, when it is possible for us to double, treble or quadruple that amount? I put that before the government. We go along year after year after year, following the same old lines. I do urge sincerely that the members of this house very definitely insist that we seriously consider what can be done towards providing for the needs of the masses of the people of Canada. Everyone admits that we have great wealth; everyone admits that we have still greater potential wealth. We cannot see how we can let the government pass this address without urging our point of view, and stating that in failing to make some more definite provision for the needs of the masses the government is failing to perform its real task.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I should like to make a few observations concerning the speech from the throne. Last night the Prime Minister (Mr. Mackenzie King) indicated that he was in some doubt as to the stand which a number of hon. members in this section of the chamber were going to take with respect to the support of his government. I shall deal briefly with that point.

In a general way we feel that the speech from the throne is not quite full enough; that it does not go far enough and is not exact enough in the treatment which it prescribes for the grievous ills afflicting our country to-day. There is, however, one section of the speech from the throne which appeals to us strongly. Taken along with other pronouncements which have been made on the subject by the Prime Minister we feel that possibly this is sufficiently definite. We desire to be exceedingly definite about this particular part of the speech from the throne, namely, that part which appears as follows:

> The control of credit, and the issue of currency, being public matters of direct concern to every citizen, it is intended, at the present session, to ask parliament to make such changes in the ownership and control of the Bank of Canada, as may be necessary to give to the government a predominant interest in the ownership as well as effective control of the bank.

As we see it, if the Prime Minister and his cabinet intend to do the things we believe they intend to do, they will be taking a step which will require a great deal of courage on their part, because they will be doing something which has long been necessary and something which will be almost revolutionary. In their steps forward to this momentous reform they will find the social credit people solidly behind them at every step.

First of all, however, may I refer to some of the things we assume they mean by this statement. We want to make sure that it is going far enough, and that it would constitute a real solution of the difficulties confronting us as a people. May I read one or two further passages which we place alongside the statement in the speech from the throne? First I shall refer to some observations of the Prime Minister delivered on the evening of October 14, a speech which has caused me greatly to admire the right hon. gentleman. I cannot remember a time when a man has made an election promise so quickly after his

election. Since he made the statement I have felt a great admiration for him. What he said has greatly increased my confidence in his leadership through the perilous times in which we are now living. These words are particularly impressive:

> The election is an endorsation of the Liberal view that credit is a public matter, not of interest to bankers only, but of direct concern to every citizen. It is a verdict against a privately owned and controlled central bank, and in favour of a properly constituted national bank to perform the functions of rediscount, and the control of currency issue considered in terms of public need.

Finer words would be difficult to find.

> There can be no mistaking the demand for a restoration to the government of Canada of control over credit and currency issue. As the campaign proceeded, the issue of the control, by the people, of all functions of government, through their representatives in parliament, and not by any other power, became increasingly clear.
>
> The electorate has declared that a responsible ministry, not organized finance and international money power, is to control in all matters of state.

We ask for nothing stronger than that.

Here is another pronouncement which greatly pleased me. It was made in parliament in 1934 by the present Prime Minister and restated in his platform on August 2, 1935. It is as follows:

> Once a nation parts with the control of its currency and credit it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of sovereignty of parliament and of democracy is idle and futile. . . . . To regain for the nation what has thus been lost, will continue to be the first objective of Liberal effort.

May I repeat, Mr. Speaker, that as we understand the clear meaning of those statements, if the Prime Minister proposes to follow out that policy step by step and do the things which he has pledged himself here to do, he will find the social credit people throughout the whole Dominion of Canada as well as those in parliament marching with him step by step all the way. We feel that there must be a general monetary reform—a genuine one. A new order must come in. I think plenty of evidence can be found for that. I do not wish to quote things which might be tiresome in order to show how much that has, I fancy, impressed every member of this house, but may I read an excerpt from the first radio address delivered by the right hon. leader of the opposition (Mr. Bennett) on January 2, 1935? He said:

[Mr. Blackmore.]

In the last five years great changes have taken place in the world. The old order has gone; it will not return. We are living amidst conditions which are new and strange to us. Your prosperity demands corrections in the old system so that in these new conditions that old system may adequately serve you. The right time to bring about these changes has come.

That is exactly the stand of the social credit people throughout the dominion.

Here is another pronouncement made by the right hon. leader of the opposition which bears out the same general idea. It was made at the opening of the Imperial Economic Conference in Ottawa in 1932, when he declared, according to the record which I have, "International finance has broken down."

Again in his opening broadcast in January, 1935, he uttered these words:

> The truth is disturbing. The signs of recovery are few and doubtful. The signs of trouble are many, and they do not lessen.

In his rectorial address at Queen's university on February 20, 1935, he made the following very significant remark:

> With the Aladdin lamp of modern production at their elbow, with large sections of their population in want, tariff barriers are erected, quotas established, exchanges controlled in an ever-failing effort to restore the productive machine by creating a semblance of scarcity.

Again, Mr. Speaker, that is exactly the stand of the social credit people throughout the world.

There must be some very grave reasons why these gentlemen of recognized authority and soundness of judgment have come to the conclusions which they have so effectively expressed.

There are confronting the world at the present time five grievous problems not one of which can possibly be solved by human intelligence under the present system. I shall name the five problems, and then I should like to crave your patience while I develop to some extent two of them. The five problems are: first, unemployment; second, debt; third, freedom from the menace of money power or international finance; fourth, war; fifth, foreign trade. I should like to discuss briefly two of these problems, namely, debt and foreign trade.

It is very necessary that we spend a little time on the question of foreign trade. I may be wrong, Mr. Speaker, but my judgment is this, based upon the best information I have been able to gather, that all our talk about increasing foreign markets by raising or lowering tariffs is idle. We may in that way ameliorate conditions to a slight degree, but we can

never solve our problems by seeking for foreign markets. The debt problem is, if possible more serious still.

May I deal for a moment with debt? I do not know how many in this house are aware of these facts, which staggered me when I first heard them. Professor Rautenstrauch of Columbia university recently completed an investigation into the growth of the world's debts. He discovered, according to the information which I have, that in the sixteen hundreds the debts of the world increased 47 per cent; in the seventeen hundreds the debts of the world increased 466 per cent; in the eighteen hundreds the debts of the world increased 12,000 per cent; in the nineteen hundreds and up to the present time the debts have increased according to the curve established by the previous tremendous increase. Now if the debt of Canada has so appallingly increased, as we all know it has, and is destined to grow under the present system at so alarming a rate, can anyone with ordinary human intelligence see how it is possible to solve the problem of debt under the present system?

Let me point out something else which is very well worthy of note. Let us look at the debt situation in Great Britian. According to figures which I have Great Britian before the war owed £650,000,000. On March 31, 1919, after the war, Great Britain owed £7,434,949,429. Between 1920 and 1934, as a result of the most appalling taxes, taxes that veritably drained their life blood away, the British people were able to pay off their national debt the sum of £8,303,768,254, or a great deal more than the debt was to start with in 1919. Yet on December 31, 1933, the British people had to face this disheartening situation, that they still owed £7,947,000,000, or £512,000,000 more than they owed on March 31, 1919, when they started to pay off their debt, and they had already paid off one billion pounds more than they owed at the beginning in 1919. In other words, their debt increase was, after all those payments, 78·7 per cent of their total pre-war national debt.

Now if anyone with ordinary human intelligence can see how Great Britain can ever pay off that debt, especially when she cannot sell the goods which she is producing and must be a rival for trade in the world's markets, he must have phenomenal intelligence beyond what I have seen anyone possess. A similar condition exists to a greater or less degree in our own country. Now how are we going to solve the problem o debt if we continue with the present system?

Let us turn to the question of trade. I fancy some hon. members in this house will challenge this statement, that there is to-day in industry a deficiency of purchasing power; in other words, industry cannot at the present time distribute to consumers an amount of money sufficient to purchase the goods which industry is producing. Lest some hon. members make capital of this remark, let me hasten to back up my statement with some authorities and then they will be free to attack those authorities and not myself. General Hugh Johnson, administrator of the National Recovery Act in the United States, declares:

> The ability of the pepole to buy is not so great as the total cost of what there is to sell.

That is a pronouncement which, coming from an authority of his standing, ought to be sufficient. But let me read from the findings of the London Chamber of Commerce as published in the Trade and Engineering Supplement of the Times of Saturday, December 17, 1932, by A. de V. Leigh:

> If each nation gave to its own people full internal purchasing power, that is, ability to absorb its own production, none would have any objection to exporting ten, twenty, or fifty per cent of that production and receiving imports of a similar value; it is because each has insufficient purchasing power internally, to absorb its own production, that each is anxious to export and unwilling to import.

There you come to the point which I referred to a while ago, namely, that it is utterly impossible to solve our problem by means of foreign trade. That is the reason why we have tariff barriers erected; that is the reason why nations are all interested in economic nationalism; and it is a reason which until it is removed will not be substantially affected by the lowering of tariffs or by anything we can possibly do in that direction.

Another statement taken from the same issue is this:

> The position so brought about is that each nation has got millions of men unemployed, factories working to 25 per cent of capacity, and still a large surplus which, owing to inadequate internal purchasing power, must be exported; but as every other nation is in exactly the same predicament, also with millions of men unemployed, factories working to 25 per cent of capacity, and a large surplus which their internal purchasing power is insufficient to absorb, the first instinct of self-preservation is to build up high tariff walls in order to retain for their own use such insufficient purchasing power as they have. They then enter upon economic warfare with their neighbours, trying to thrust upon them under pressure their unwelcome though by no mean unwanted surplus.

I do not wish to occupy your attention longer, Mr. Speaker, on this point, though there are a great many other passages I might quote. With your permission, however, I would refer to some figures published by R. J. Scrutton in the April, 1935, number of the magazine Prosperity. He is using round numbers, quoting the American Bureau of Economic Research. He says that in the United States, in a given year, $60,000,000,000 worth of consumable goods, food, clothing, shelter and the like was produced by their industry, but that in that year, when they counted up all the money which was distributed in the United States in the form of wages, dividends, salaries, commissions, and in every other conceivable way in which men could get money with which to buy, there was only $45,000,000,000, and when you discounted $5,000,000,000, which was put into life insurance and thus taken away from the stream which could be used to buy goods, there was only $40,000,000,000. In other words, in the United States in that year there was $20,000,000,000 worth of goods which the American people did not have purchasing power to buy.

What would the United States do with that $20,000,000,000 worth of goods? The figures represent the condition, more or less extreme, which exists in every civilized and industrialized nation at the present time. If the United States undertakes to trade off this $20,000,000,000 worth of goods, receiving $20,000,000,000 worth of French goods, say, in exchange, how can the people of the United States buy that quantity of French goods when they were unable to buy their own? Here we see the secret of the difficulty in international trade.

Now the trouble is purely one of finance. As an indication of this may I quote an authority. Sir Basil Blackett, director of the Bank of England, has made this statement:

> When I think of what we have done with money, and what money has done to us, I think we are all fit for a lunatic asylum.

Again let me quote Lord Melchett, the former Sir Alfred Mond, director of Barclay's Bank, of Imperial Chemical Industries, of the International Nickel Company of Canada, and so on:

> The world gets 3 per cent richer every year. This gradual increase of the world's wealth is due mainly to the discoveries of science and the development of industry. We must learn the economics of plenty and forget the economics of scarcity. In the near future our currency and our economics will have to be based on quite different ideas from the past.

Now what are the things upon which our currency is to be based? That is the question, and I leave that for us all to consider. I have here another quotation which probably will be of interest. At the annual meeting of the Canadian Bank of Commerce of January, 1935, as reported in the Ottawa Citizen of January 15, 1935, Sir John Aird, president, stated:

> No one now realizes more clearly than our legislators that the cost of public services is out of proportion to the population and its income. The situation cannot be relieved by increased borrowing, or by shifting part of the burden of the care of unemployed people from one legislative group to another. It is now quite generally agreed that continuous borrowing to cover deficits and to maintain social services on the present scale cannot go on indefinitely.

We must find, therefore, as a nation, some other way of getting money. The unemployment problem is increasing. The need of increasing power in order to enable our people to sell their goods both at home and abroad is growing more and more, and to solve the problem we need money. Our debt interest must be paid, and in order to do this we must have money. We cannot get money from the old sources, because even though we in Canada can produce tremendously we cannot sell and we are obliged to decrease production to keep up the price. How then shall we ever produce enough goods to get ourselves out of debt, to take care of our unemployed and to furnish purchasing power to buy our goods? The problem is staggering and beyond answer unless we find some other source of getting money.

Now what we assume the government means is that it is going to take control of the credit issue in this country in such a way as to do what the bankers have been doing for many years. The bankers have been manufacturing money without any cost to themselves, except perhaps clerical costs. Let me quote a few eminent authorities in this regard. The hon. member for St. Lawrence-St. George (Mr. Cahan), the former Secretary of State, in an address before the Canadian Club of Toronto on November 13, 1933, is reported to have said:

> The cheque system which has been developed enables the banks to create money without the issue of their printed notes—to create credit money at will for many hundreds of millions of dollars in excess of their note issue.

Mr. CAHAN: That certainly does not bear out the statement of the hon. gentleman. Everybody knows that a bank may create credit money under certain conditions. That is admitted everywhere. But they do not create without cost or without undertaking liabilities to the same extent that credit money is created.

Mr. BLACKMORE: I submit that all that is perfectly true. At the same time, what banks can so generously do, and lend the proceeds to the government, and charge them good stiff interest for, I submit that governments ought to be able to find some way or another of doing for themselves. Here is another example. Mr. A. de V. Leigh, Secretary of the London Chamber of Commerce, in a statement reprinted in the Ottawa Citizen on June 8, 1934, makes the following statement:

The war was paid for as to 30 per cent by actual money belonging to the people—

Is there any one who can see any reason why, then, the people of Great Britain should be taxed almost to death to pay for that war, when they already have paid for it?

—earned by the people; which was invested by the people in war loans; —

Then note particularly these words:

—and 70 per cent of the total cost of the war was paid for by the banks very kindly making these book entries, costing them nothing except the ink, paper and the time of the clerk, and lending the result to the nation at interest. The nation owes them money in exchange for their promises-to-pay money which they have not got. Further we have been paying them interest on these promises-to-pay ever since. Interest on war loans amounts to something like five million dollars a day.

Now if the government is going to assert complete freedom for the Dominion of Canada, it is going to take control of such issue. It must be safeguarded, we will grant. It must be managed by men who are responsible and who are trained, men who will honestly and successfully manage that aspect of the nation's life in the interests of the people and not in the interests of any private group.

There is one more thing which must be very carefully considered, and we assume that the Prime Minister has this in mind. Up to the present time the backing for money has been gold. Men have got to the point where they virtually worship the gold standard. It is like a golden calf which they worship to their ruin, but the time must come when we will all realize that the backing of money is not necessarily gold. May I read here a statement by an eminent authority which none will presume to question, the Midland Bank, England, the largest bank in the world? Here is an extract from its monthly review, June-July, 1935.

In the past four years the progress of ideas has been rapid—the gold value of sterling has dwindled by forty per cent—neither the government nor the bank does anything about it, and no one is in the slightest degree disturbed, since the pound buys just as much goods and services as in 1931.

In other words, the gold standard has been gradually displaced in England as a backing for goods and services. In our country, with new machinery and scientific knowledge, a high degree of technical skill, and good organization, we can produce an almost infinite amount of goods; and we have hundreds of thousands of men in the country ready to render services; so there ought to be virtually an unlimited backing for what money wish to produce; at least there should be enough backing to give us the money we need.

Stability of the value of the pound in terms of goods has replaced stability in terms of gold.—At the heart of the matter is a change in the official conception of stability—internal stability is bringing us far greater benefits, in solid economic welfare, than the pursuit of fixity of exchange could conceivably yield.—Clearly this change is nothing short of a revolution,—it indicates an almost complete transformation of the monetary system.

The social credit group in this parliament believes that the Prime Minister favours the introduction of such a revolutionary change: First, that the dominion government will take control of the issue so as to manage it for the people's welfare; and, second, that little by little in so far as it is necessary they will gradually depart from the gold standard and substitute a goods and services backing; and that such other measures will be taken as will tend to the well-being and increase of the wealth of this country. I beg to assure the Prime Minister that if they step forward toward that goal they will find, as I declared a few minutes ago, the social credit group one hundred per cent solidly behind them in all their battles for this end.

Mr. RENE-ANTOINE PELLETIER (Peace River) (Translation): Mr. Speaker, I deem it my duty to begin the few remarks which I desire to express this evening in my mother tongue, in order to assert the rights of the race from which I have sprung and in which I take much pride. It, moreover, affords me pleasure to note that the youngest member on the government side—who so eloquently seconded the address in reply to the speech from the throne—also belongs to this same race. As numerous French Canadians reside in the constituency which I represent, I equally thought it proper, out of courtesy to them, that my first words in this house should be expressed in the French language.

Being the youngest member of this house, I have been all ears since I have come here, and you may be sure I have taken in everything that has been going on.

An hon. MEMBER: Good.

Mr. PELLETIER: One hon. gentleman says, "Good." Possibly I did not find as much good as I expected I would find. One thing I have noticed particularly is this: The two leaders of the great political parties in Canada have spent several days now throwing at each other flowers which were not always very fresh. I am not the only new member here; there are quite a number of us; and I hope that conditions will be rectified and that in the interests of the people of Canada as a whole we will get down to business and do something that is really serious.

There is something more that I remarked which I cannot let go by without bringing it to the attention of this house. I am not going to take the chance of making statements without referring to Hansard, because I notice that if you do that here, people get quite angry about it. So, Mr. Speaker, I would like to repeat here—from Hansard, be it understood—a few words which our leader said the other day when he was expressing sympathy at the death of our king. These are the words:

> Mr. Speaker, it has been a great delight to me to hear the expressions of loyal devotion to our king and queen. I should like to add to those expressions just a few words on behalf of the people whom I represent, the loyal social credit people throughout the Dominion of Canada.

It grieved me very deeply to hear some people sniggering and laughing when the words "social credit" were mentioned at that particular time. Our leader had it in mind to express sympathy with our great king who is now gone, and I do not believe that laughter was in the proper place.

There is not very much I can say this evening in regard to the speech from the throne, first of all because my leader has very ably set forth the things we hope to do in this house. The legislative program has yet to come before us, and it is difficult intelligently to criticize anything before it is brought down in the house. We know, for example, that the government intend to bring in certain measures, but until those measures are brought in it is difficult to say very much about them.

There is one thing, however, to which I should like to refer. That is the paragraph in the speech from the throne dealing with unemployment, in which it is stated that the Liberal party recognize the fact that unemployment is one of the gravest problems in Canada to-day and, that being so, it is their intention to set up a commission in order to find a satisfactory means of dealing with what they call an emergent condition. I hope this commission will do its work in a very short time; that it will not be one of those commissions that drag on endlessly, digging out a fact here and a fact there. I hope the results will be made known as soon as possible so that we may be able in some measure to better the condition of the people of Canada with the least delay.

We have heard a great deal about the trade agreement between the United States and Canada. We find some people not in accord with lower tariffs; on the other hand we find other people who are not in accord with higher tariffs, but I cannot see the use of either blasting or bargaining our way into the markets of the world if we are to starve at home. It seems to me that the very first thing to do is to seek out the markets that we have, and the most immediate and most convenient one is the home market. I should like to take some hon. members with me to some parts of my constituency; I am sure they would agree that there is a market for clothing and other necessities there; I see it myself, and other people have remarked upon that fact. We have a market in Canada. It is not necessary to seek for a market; all we need do is look after our own Canadian people.

I should like to say a word with regard to Doctor Riddell and the possibility of a war. We find the Minister of Justice (Mr. Lapointe) making an address not very long ago, last Saturday evening to be exact, and saying:

> "In this connection," said the defence minister, "I want to leave with you the profound thought that you will never have in the Dominion of Canada an adequate system of defence until you create a national sentiment in favour of such a system."

Does this mean that we in Canada are to be taught to uphold the sentiment of warfare and that we must be forever ready to take up arms, or is there some other meaning attached to that statement? This is significant at this time, when the question of Doctor Riddell's action is under consideration. According to the orders of the day it is the intention of the hon. member for North Winnipeg (Mr. Heaps) to ask the government to supply him with the correspondence exchanged between the government of Canada and Doctor Riddell. Now we find the Minister of Justice making a statement to the effect that we must always have an adequate system of defence and a national sentiment in favour of such a system.

Mr. LAPOINTE (Quebec East): I never said anything like that.

Mr. PELLETIER: I beg pardon; I mean the Minister of National Defence (Mr. Mackenzie). The point I should like to make is this: At about the same time an editorial appeared in the Montreal Star suggesting that it might be in the best interests of all concerned if the government should withhold this information. Of course I do not know what action the government will take; but let me say this: I know that every war in the past has been called a war of defence. I know also when it is supposed to be in the interests of the people generally that certain information should be withheld, that has been done. Let me say, Mr. Speaker, that I for one will not permit one drop of Canadian blood to be shed until the people of this country have been fully advised as to all the circumstances, and until they fully understand why they may be called upon to give up their lives.

That is about all I wish to say this evening. When the time comes, certain measures will have to be discussed, and I feel sure that then the Prime Minister (Mr. Mackenzie King) will certainly know we are an independent group. I am very glad the Prime Minister made that statement with regard to the independent groups. The first thing I was told when I came to the House of Commons was that I had to swear allegiance to a king. At first I did not know whether it was Mackenzie King or His Majesty the King, but I am glad the Prime Minister has cleared up that point for us. So I will now take my seat, assuring the right hon. gentleman of independent and fair co-operation and criticism when the time arrives.

Hon. J. EARL LAWSON (York South): Mr. Speaker, in view of some of the accusations levelled at my right hon. leader (Mr. Bennett) by the right hon. Prime Minister (Mr. Mackenzie King) during the course of his remarks this afternoon, I feel it incumbent upon me to make some observations before this debate is concluded.

Before doing so, however, I would crave your indulgence to digress for a moment in order to congratulate the mover (Mr. Slaght) and the seconder (Mr. Fournier, Maisonneuve) of the address in reply to the speech from the throne, and I trust that I shall not be considered invidious if I particularly congratulate one of my fellow practitioners of law from the city of Toronto on the eloquence, moderation and good taste of the speech he made in this house as his initial effort.

I had rather anticipated that the Prime Minister, banked about as he is at the present time by a vast majority which overflows from your right, sir, to your left in this house, would have proceeded with all dispatch to bring into being those measures of legislation which during the campaign we were led to believe would bring a great era of unparalleled prosperity to Canada.

An hon. MEMBER: They are already started.

Mr. LAWSON: I am glad to know that. I sincerely hope, in the interests of this country, that if an era of prosperity has started since my hon. friends came into power, it will continue. I for one, despite what was indicated by the Prime Minister in some of his utterances this afternoon, will be delighted to find this country enjoying prosperity, and I shall not try to decry any prosperity that we may attain simply because the Liberal party happens to be in power when it comes.

I said, sir, that I had anticipated that instead of the right hon. gentleman taking up the time of the house in criticism of the fact that some of the ministers of the former government had retired from public life and accepted office, something which has been done under governments with which the right hon. gentleman has been associated in the past, he would have gone on with the business of bringing in this era of prosperity. It seems to me, sir, that it is rather small business to criticize the retirement and appointment of one whose name, I believe, was mentioned, Mr. Guthrie, who was almost the dean of this house, who had rendered at least thirty years of public service to this country, because he saw fit at a ripe age to retire and to accept an appointment. I could say the same thing with reference to several of the other gentlemen who were named this afternoon or indicated by the right hon. Prime Minister. Though I am neither a prophet nor the son of a prophet, yet mark my words that before the next general election in this country some of the hon. gentlemen who now sit in the government led by the right hon. gentleman will be retiring and accepting some appointments which are in the gift of this country.

Mr. ROWE (Dufferin): Some are already waiting.

Mr. LAWSON: Then the right hon. gentleman had some slighting references to make to the smallness of the number of Conservatives returned to this house in the last election. I confess, sir, that we are small in number. But I suggest to the right hon. gentleman that if he brings down legislation which in the opinion of this small number is not beneficial to Canada, if he brings down

legislation which contravenes the principles of that great party which I have the honour to support, he will soon find that the strength of our opposition is not limited by our numbers.

The right hon. gentleman attributed—I was not quite sure whether it was his great success in the last election or our defeat—in the main to three causes: one man government, all expenditures or commitments not approved by parliament before being made, and the organization of the Liberal party, which, he boasted, commenced on the first day after the defeat of that party in the 1930 election. Well, sir, with reference to one man government let me say this: I was not a member of the recent administration for a great length of time, but I want to make it clear that while I was, every matter of policy enunciated by the leader of this party was given every consideration, or opportunity for consideration, by the members who supported him in that government.

With respect to the expenditures under the blank cheque policy of which we have heard so much, it seems to me this is but reiteration and repetition time after time of something that in principle is very simple. This parliament has power to vote money and to make expenditures. Likewise this parliament has power to delegate that authority, under certain conditions and within the limits prescribed by parliament, to what I might term the executive of parliament, or what is known as the government. Now in our everyday lives we spend millions of dollars to provide hospitals for the care of our physical needs in case of emergency. During the past five years there were not many days when the government of this country did not have to face an emergency in connection with our economic life. And all this parliament did in granting power within the limits of the statute to the executive to expend money to meet economic situations which might arise to provide those emergency hospitals so necessary to meet such needs. Let us assume, for example, that it had been necessary for Canada to convene parliament when the United Kingdom went off the gold standard, before any action could be taken by the government of this country. Does my right hon. friend suggest that during the term the Conservative government were in power there were not emergencies, emergencies which had to be met not in six weeks or a month or two weeks but on the spur of the moment? Now, sir, this parliament, in anticipation of those emergencies which might arise in connection with our economic and financial and political system, delegated its power to the executive, and that executive was just as responsible to parliament to give an accounting of its actions and its expenditures on the first occasion on which parliament convened as though the whole subject matter of the expenditure had been discussed in parliament before the expenditure was made.

The third reason that the right hon. gentleman gave was that the organization of the Liberal party commenced the day after the election in which they were defeated. With that I will entirely agree. It must have been obvious in the light of events during 1933 and 1934 that the Liberal party set up an organization after that election, and I give them credit for their sagacity in realizing as they did that the then Prime Minister of this country, the present right hon. leader of the oposition, was the outstanding figure in the government. So they determined that by their publicity they would "destroy Bennett," and by destroying Bennett they hoped to destroy the Conservative party. And I am quite willing to confess that, immersed in the affairs of state and the affairs of Canada, our great leader at times may have paid too little attention to the political fortunes of his party. Well, if it gives my hon. friends opposite any satisfaction I admit that the organization which they set up on the day subsequent to their defeat in 1930, and particularly their publicity, certainly did a good job for them.

Then the right hon. gentleman attributed to the leader of the opposition knowledge or responsibility for a poster appearing in western Canada. I say to you here and now, sir, that the leader of the official opposition never saw the poster—

Mr. MACKENZIE (Vancouver): Did you see it?

Mr. LAWSON: Yes, I saw it and I take the responsibility for it. What is more, the poster was true.

Mr. MACKENZIE (Vancouver): Why did you change it?

Mr. LAWSON: I did not change it. I was about to say that by the action taken by the Conservative government to protect and maintain the market for wheat for the wheat growers of western Canada, that government was responsible for putting into the pockets of the western grain growers at least $150,000,000. And when my hon. friends opposite see fit to bring down any legislation they may have with respect to the marketing of wheat or affecting the wheat board, I shall be glad, if necessary, to discuss the matter in further detail.

The Prime Minister alleged that the leader of the opposition was responsible for the campaign literature of the Conservative party. If that be so, surely the same thing is equally true of the right hon. gentleman opposite; he too must be responsible for all the literature appearing on behalf of the Liberal party. Had I known that I was to participate in this debate, or could I have anticipated that the Prime Minister would have taken the line he did take, I should have been delighted to have before me, for the inspection of any hon. members who did not see them, some of the pamphlets turned out by the Liberal party during the last campaign.

May I mention one, which was a gem—from their standpoint. How many hon. members remember the consumer pamphlet?

Mr. ROWE (Dufferin): The consumers' league?

Mr. LAWSON: No, not the consumers' league—and it was not the forgotten league, either. This was turned out under the auspices of the National Liberal Federation of Canada, and was directed particularly to Canadian housewives. On it appeared several pictures, one of which showed a can of baking powder. The text indicated how much a can of baking powder cost in Canada, and the cost in the United States. I think, too, there was a picture of a can of beans, and pictures of other household articles. The only thing that was prominently missing was a piece of buffalo bologna.

Mr. DUFF: Was there a can opener?

Mr. LAWSON: No; my hon. friends opposite felt that if they had supplied a can opener to Canadian housewives, the cans would have been opened and the emptiness, belied by the pictures, would have been discovered.

Mr. DUFF: Like some people's heads.

Mr. LAWSON: Well, we will leave that to the judgment of posterity.

Mr. DUFF: Thank you.

Mr. LAWSON: Down below the pictures there was the text to indicate that the higher prices for the commodities in Canada had been brought about by the Conservative government while in office between 1930 and 1935.

I say to you, sir, that I analyzed the tariffs indicated in the pamphlet, and if I had my papers with me this evening I could give you specific details. I am confident, however, that I am not overstating the misrepresentation contained in that pamphlet when I say to you that the tariffs in respect of over one-half the articles pictured had been placed at their then rate by the government of the right hon. gentleman opposite when it held office previously, or by governments which preceded his accession to power.

If we want to get into the field of misrepresentation and responsibility for campaign literature, I could give my hon. friends one or two further examples. I have in mind another gem, and although I have forgotten the exact wording of it, the effect of it was this: "King will restore the markets Bennett and Stevens lost."

Mr. DUFF: Bennett and Stevens what?

Mr. LAWSON: Bennett and Stevens lost."

Mr. DUFF: So they did.

Mr. LAWSON: I will come to that in a minute. If the right hon. gentleman is to take responsibility for the literature of his party, what do hon. members think of the fairness—and I use that word, for want of a better—of a gentleman who, for the purpose of a campaign couples with the present leader of the opposition the hon. member for East Kootenay (Mr. Stevens), and then after he has won the election endeavours in this House of Commons to twit the leader of the opposition by saying that this very member had turned his guns upon him, the leader of the opposition, during the campaign? Then, sir, I would ask this further question: What market was lost to Canada during the regime of the late Conservative government? Will some one tell me which one? Possibly someone will say Japan.

Mr. REID: The market for salmon in France.

Mr. LAWSON: Tell me one country.

Mr. REID: The market for salmon in France was lost.

Mr. LAWSON: Every tariff that was raised against Canada had been raised before this party took office.

Some hon. MEMBERS: Oh, oh.

Mr. LAWSON: Let me refer to another gem, "It is King or chaos."

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: The old slogan.

An hon. MEMBER: The people decided it.

Mr. LAWSON: I am not complaining about the people's decision. Hon. members will never find me doing that. They may have observed that I happen to be one hon

member in this chamber who sits in his seat and keeps his mouth shut, even when he has to take some punishment. I am not one who sits and cackles out once in a while, when someone else is speaking.

Mr. DUFF: In other words the hon. member is not a rooster.

Mr. LAWSON: I really thought my good friend, the hon. member for Antigonish-Guysborough (Mr. Duff), with his breadth of experience and wisdom of age would know that a rooster never cackles.

Mr. DUFF: Crows, then. I would not like to call the hon. member an old hen.

Mr. LAWSON: This afternoon some reference was made by the Prime Minister to a broadcast which he styled the Sage broadcast, and endeavoured again to place upon the leader of the opposition responsibility for it. I take this first opportunity to say to him and to this House of Commons that again I take the responsibility. We will see—

An hon. MEMBER: We saw.

Mr. LAWSON: I want to say this, that in the rush and hurry and grind of a campaign some of the manuscripts were never submitted to me. So far as my recollection goes, there were put into the mouth of one of the speakers in those broadcasts two statements which, had I seen them, I would have deleted. I say unhesitatingly to the Prime Minister that I personally regret exceedingly that they were made, and for this reason: I have always been, and I hope always shall be, one who in public life may criticize and assail my opponents with respect to their public actions and public affairs, but I do not believe I can be accused of ever having made a reference to their personal affairs or what they may have done in a personal capacity. Therefore I say that I regret two statements which were made.

Mr. MACKENZIE KING: The references would have been all right if they had been true.

Mr. LAWSON: In justification for those who did use them, I just want to say this, that though you may not like the phrases, every statement made in the Sage broadcasts was true.

Mr. MACKENZIE KING: You will have a chance to prove that before a parliamentary committee.

Mr. LAWSON: I hope so. The right hon. gentleman said at the time that he would appoint a parliamentary committee. I tell him that when that committee is appointed we shall be very glad—and when I say "we," I mean myself and those who may have had any part in the Sage broadcasts—to go before that committee, and then it will be determined whether or not the statements made were true.

Mr. DUFF: Why do you regret them if they were true? You regretted them a moment ago.

Mr. LAWSON: Apparently my hon. friend from Antagonish—

Mr. DUFF: Not Antagonish. I am not trying to antagonize anybody.

Mr. LAWSON: My hon. friend did not follow my statement.

Mr. DUFF: Oh, yes, I did. I listened very carefully. You apologized first, and then you swallowed yourself.

Mr. LAWSON: I apologized for what I said was my recollection of two of the statements made because they referred to some action taken by the Prime Minister in his personal capacity, and not in his public capacity, and that is why I said I regretted exceedingly that they had been made.

Mr. DUFF: I do not see the point.

Mr. LAWSON: Well, possibly not. Maybe my good friend is Scotch—I say this without intending any offence to that great race from which I come—and if he will go home and think the matter over the point may come to him by morning.

Mr. DUFF: The trouble is that my hon. friend is not making any point. He starts apologizing, and then rubs it in and makes it worse.

Mr. LAWSON: The Prime Minister in speaking this afternoon expressed great concern for the well being of the employees of industry and of the workers and consumers in the community. When he gets on that theme he strikes a responsive chord because I happen to represent a lot of them in this house. I know it has been a favorite theme for the right hon. gentleman in both his writings and speeches since the days of his book, Industry and Humanity, if not prior to that, to exhibit in speech great concern for the workers in industry. But, sir, may I make the suggestion that at a recent date he had a wonderful opportunity to demonstrate in a very practical way his interest in the workers in industry in this country. It will be remembered by all that during the campaign the right hon. gentleman

went up and down this country telling us what a great day it would be if the Liberal party were returned to power in the Dominion of Canada because then, having Liberal governments in practically all the provinces of Canada, we would have one great happy family who would have no difficulty at all in agreeing. He repeated that sentiment to-day, if I recollect correctly, as to the happy associations of his government with those of the different provinces. It does seem to me that even though those of the Liberal party who were in the last house talked at great length against the constitutionality of the Unemployment and Social Insurance bill, and against the legislation respecting maximum hours of labour and minimum wages, I think ultimately, if they did not actually vote for those measures—and my recollection is that they did—at least they did not vote against them. Why? Because an election was coming, and they wanted to get the votes of the workers in this country. Well, when this happy family met, what a grand and glorious opportunity it would have been for the right hon. gentleman to say to the provincial premiers: Now, gentlemen, we are all Liberal friends; we are all members of the Liberal family; we have all a great desire to do something for the workers of this country; so just let us all agree that instead of referring these acts to the Supreme Court of Canada to determine the respective jurisdiction of dominion and province, we will all get together and have just one amendment to the British North America Act which will confer on the Dominion of Canada jurisdiction to pass these measures which are so very beneficial to the workers of this country.

In conclusion, sir, I say to you that when the right hon. gentleman demonstrates by some such action a practical interest in the workers of this country, I shall be much more prone to accept his policies and his preachings.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, like my hon. friend who has just sat down (Mr. Lawson), I was quite willing to let the address be voted, but as he said that he intended to give the house some gems of the last election campaign, I cannot resist the temptation to imitate his example and not merely mention some of the gems but actually show them to the house.

Before doing so, Mr. Speaker, I wish to offer my congratulations to my good friend the hon. member for Parry Sound (Mr. Slaght) and to the hon. member for Maisonneuve-Rosemount (Mr. Fournier) for the excellent speeches which they delivered yesterday in moving and seconding the address in reply to the speech from the throne. Both are valuable additions to the house and we are pleased to welcome them here.

My right hon. friend the leader of the opposition (Mr. Bennett) yesterday made some remarks which I might have left unanswered if they had come from a less important leader, but coming from him they cannot be considered as being what Disraeli described as the harebrained chatter of frivolous irresponsibility. I have to take account of my right hon. friend's statements, and so perhaps I may be permitted to mention two or three of them. I do not see why my right hon. friend was especially interested in making me the target of his attacks yesterday. But perhaps this is an honour. My right hon. friend has his likes and his dislikes, and it would appear now that I am rather classed with the latter.

Mr. BENNETT: No, no.

Mr. LAPOINTE (Quebec East): No? I am glad to hear that. I thank my right hon. friend. However I can assure him that if he ascribes to me any large responsibility for the reverses which he may have had politically, he is wrong because I had very little share in the responsibility, and I want to assure him that whatever differences we may have in politics I have nothing but the best of personal feelings towards him, feelings of respect and even admiration.

Mr. BENNETT: They are quite mutual.

Mr. LAPOINTE (Quebec East): The right hon. gentleman spoke first of the election campaign in my province, and he mentioned certain words of mine. I am quite willing to admit that I have said that my province before 1930 had sent a very considerable, almost a solid Liberal following to the House of Commons, and that they had given a good account of themselves, and I certainly made an appeal to the electors of my province to do the same in 1935, because they realized that they had made a mistake in 1930. They agreed with me when polling day came. There was nothing very wrong in that.

My right hon. friend is quite wrong about the war cry, and I think he knows this. He will admit that he even used my words at two or three meetings in Quebec, in Montreal, in Sherbrooke, words which I had taken the trouble to write in order not to be misrepresented in the other provinces, as was the case in former elections. I took the trouble to say that I was sure that the leader of the opposition shared my views as to trying to keep

Canada out of any conflict if it were at all possible, so that even my words were repeated by the right hon. gentleman in that respect.

The little paper which he quoted yesterday, and which seemed to be published in English, could not have had a very great effect upon the people of the province of Quebec. What was said in that paper? There was a dispatch from Ottawa to the effect that Canada could mobilize a powerful and fully experienced army within twenty-four hours, and the statement is made:

Canada will probably be drawn into the European war if Great Britain is forced in, and irrespective of what politicians, statesmen and economists say, the dominion will not be able to help herself.

I do not see anything there against the Conservative party or in favour of the Liberal party, but I have something which is quite different. Here is a paper which was circulated from door to door in my own city of Quebec in the last days of the election. It is entitled:

Ouvriers et Cultivateurs pensez-y bien! Protegez-vous. Workingmen and farmers, think well about it! Protect yourselves.

I will not mention all the things that are said about Mr. Taschereau and the trusts and matters of that sort, but the last part of it reads:

Do not take a chance, and vote for Bennett. In case of war, who will protect your interests better? Do you know that Bennett has stated, "In case of a foreign war, not one cent, not one man, not one gun," while King contented himself with saying, "We will summon parliament and will decide afterwards." Do you know that Mr. Bennett was the irreconcilable opponent of conscription and that he has challenged the legality of it, as far as before the Supreme Court of Canada, while not a single Liberal member voted against the principle of that bill? In case of war who will protect your interests better? Do not take a chance, and vote for Bennett.

Mr. BENNETT: Apparently they did not.

Mr. LAPOINTE (Quebec East): I wonder whether my good friend who has just spoken takes the responsibility for this.

Mr. LAWSON: I may advise my hon. friend that anything for which I take the responsibility was turned out—and it will be marked plainly and distinctly upon it—either by the Confederation Publishing Company Limited or by the dominion Conservative headquarters.

Mr. LAPOINTE (Quebec East): Perhaps my hon. friend will take the responsibility for some others.

Mr. LAWSON: I may, when I hear them.

[Mr. E. Lapointe.]

Mr. LAPOINTE (Quebec East): The war issue was only a very small one in the campaign. In my own province my leader (Mr. Mackenzie King) and I were described as the friends of the men who want to pull down the steeples, the men who protect those who walk on crucifixes, and so on. These things were published not only in leaflets distributed; they appeared in paid advertisements in the newspapers of the province, bearing the inscription at the foot, "Published by the central Conservative committee."

Mr. LAWSON: That was not published by the Conservative dominion headquarters, nor have we any knowledge of it.

Mr. LAPOINTE (Quebec East): Well, the Conservative branch in Quebec apparently enjoys its autonomy.

Mr. LAWSON: In that respect it is characteristic of all Quebec.

Mr. LAPOINTE (Quebec East): They have their autonomy and they seem to have their money too. Apart from this terrible thing there were many others. Let me show this picture of a terrible looking man.

Mr. DUFF: Enemy No. 1.

Mr. LAPOINTE (Quebec East): I am mentioned as having stated my belief that when truth and error are being given a fair show to justify themselves, truth always prevails. That was described as a heresy, and the last words of course were, "Let us vote for Bennett," and "Published by the central Conservative committee," but that was a lie. Here is another one with a fine portrait of my right hon. friend:

Right Hon. R. B. Bennett, Prime Minister of Canada. Protect our Canadian country against communism.

Then there is some terrible picture, and it concludes with these words:

Vote for Bennett, the only political leader who upholds the maintenance of section 98, the only leader of a state who understands the horrible threat which is on our country, the only leader able to protect the nation. A vote for Bennett is a vote for your home. A vote for Bennett is a vote for the respect of right, of religion, of tradition. Published by the central Conservative committee.

Well, that is the sort of campaign we had, and the radio was also used to spread this propaganda. On the Sunday, the eve of polling day, the radio was used in my own constituency to describe me as a terrible man, an enemy of all religion and virtue and everything, and it was stated that if the Prime Minister and I were returned to power the poor children would be forced to go to church

and commit deeds of sacrilege, and that sort of stuff. Of course, the effect was that on the following day, instead of having a majority of 2,000, which was the usual one, I was elected by a majority of 6,000.

I wish to go very quickly over two or three matters relating to the proposed sanctions on oil, a subject which was very well explained by my right hon. leader this afternoon. I have been very much abused for having stated what was, after all, the truth with regard to the position of Canada. It was not properly a repudiation of any man; it was the repudiation of what was being stated everywhere in the world, that it was Canada that was proposing this oil sanction, when so many countries were disquieted and did not know what to do about it. We merely said that we had not given any instructions to that effect; that this was not a Canadian proposal; that Canada was quite willing to have the same responsibility as the other countries, to join in any collective action to try to secure the maintenance of peace, but that we had not gone out of our way to attempt to force the other nations of the world to apply this oil sanction against Italy. This has been misrepresented in many places, and, I must say, more particularly in the very good city of Toronto.

I hesitate to do this, but I desire to show another gem, a cartoon against which I wish to register a strong protest. The Evening Telegram, which is a newspaper very distinguished along certain lines, attacked me very bitterly about this question, as regards which I had done merely what I thought to be my duty, what I thought to be right. I did not mind the blame in the editorials; but when it came to this cartoon which I hold in my hand, entitled "His Master's Voice," where I am seen pulling the coat of Doctor Riddell at the League of Nations, and there is a priest in clerical garb, with a biretta, whispering in my ears, with the inscription "His Master's Voice," well, I think, after being thirty-two years in the public service of my country, if I had no right to take a stand on a public matter and to say to the people of Canada what I think is right, because I am French and Roman Catholic, we have not achieved in Canada the progress which we thought we had achieved, and there is certainly room for reform. However, things like that do not affect a man in such a way as to induce him to quit the service of his country. I am not a quitter; I always face those who attack me. But I did not mind so much even the campaign of the Toronto Telegram as the words I read in an article well written, broadly conceived, written by a gentleman for whom I have great respect, a fine Canadian, Professor Norman Mackenzie of the university of Toronto, an editorial in Saturday Night of December 21, entitled "Confusion in Canadian Foreign Policy." The article is impartially written, praising and blaming; but here are the words which show the necessity of the remarks I have just offered with regard to the Toronto Telegram. Professor Mackenzie says:

> While this statement may have been necessary, it has had most unfortunate results, both in Canada and internationally. Obviously, as a French Roman Catholic, Mr. Lapointe was the last one who should have made it, for it was immediately seized upon by the opposition as a repudiation of Great Britain ...

And so forth. Of course this does not represent, I know, the views of Professor Mackenzie; but as he told me afterwards, it represents the views of many people whom he meets almost daily in his own city. I have said enough on this subject. I hope that this question as well as any other public question in Canada can be treated on its merits, without anybody going down to the level of dealing with it on religious and racial grounds, as is done in this cartoon.

As to the references to the supreme court, I do not apologize for having made a recommendation to the government to that effect. My right hon. friend says that even if some of these acts were doubtful, or may be unlawful, the government should have waited until somebody took action before the courts to have them declared invalid. I do not agree with this method of proceeding. Possibly some of them would not involve very great financial commitments, but on some of these measures the people of Canada, employers and employees and governments, would have incurred heavy expenses even from the beginning. It is better to have the validity and the legality of these measures passed upon before incurring expenses than after they have been incurred.

Mr. BENNETT: Will it disturb the hon. gentleman if I point out to him that he has not grasped the point I was endeavouring to make? I stated the privy council had said that an opinion expressed by the supreme court would be no better than that of the law officers of the crown, and therefore there was no finality to the matter.

Mr. LAPOINTE (Quebec East): Except that an opinion of the supreme court, and possibly of the privy council, because there is an appeal to the privy council in these matters, certainly would carry great moral weight with the people of Canada and with the interested parties. May I refresh the

memory of my right hon. friend by reminding him that even his government resorted to this procedure of making references to the supreme court? The year preceding the enactment of this legislation the government referred to the Supreme Court of Canada the Companies' Creditors Arrangement Act. There was a second reference under section 110 of the Dominion Companies Act, and there was a reference on the tariff board. Apparently my right hon. friend and his colleagues thought a legal opinion given by the Supreme Court of Canada was of some value, and they obtained that opinion before enforcing the measures upon the validity of which they desired the opinion of that body. As my right hon. friend has said, we appointed the best available counsel to present the views of the dominion in the matter. I admit that I expressed contrary views on the floor of the house last year, but if my right hon. friend will remember, I told him at the time that I was not as sure of my views as he was of his; that I would be very happy if I could be. At that time both my right hon. leader and I suggested that these acts should be referred to the Supreme Court of Canada; we asked that they should be, and we stated definitely that we would have them referred if we were members of the future government of the country.

Then my right hon. friend mentioned the commission which is investigating the unfortunate troubles which took place in Regina last spring. I must remind him that that is a provincial commission which was appointed by the government of Saskatchewan before the last general election.

Mr. BENNETT: It did not begin to function until after the election.

Mr. LAPOINTE (Quebec East): That is true. The then Minister of Justice took the view that the province had no right to appoint these judges as commissioners; that the dominion should appoint them from Ottawa, and the commission was notified accordingly. Chief Justice Brown of Saskatchewan, Mr. Justice Martin of the appeal court and Judge Doak, the three commissioners, said that they would be only too pleased not to be compelled to serve on that commission, but that they could not see their duties as they were seen by the then Minister of Justice; they thought they were compelled to act. They offered their resignations to the provincial government and asked to be relieved from serving on the commission, but the provincial government refused to accept their resignations and stated that it had the right to appoint it. That was the situation when I took charge of the Department of Justice.

Mr. BENNETT: But no judge has a duty to act. He is not bound to act.

Mr. LAPOINTE (Quebec East): That was the position taken by Chief Justice Brown in the letters he wrote, which form part of the record. However I must say that my views in that respect differ from those of my predecessor. I had occasion to consider this matter in some instances prior to 1930. I had the legal opinion of the late Mr. Justice Newcombe, then deputy minister of Justice, who advised me at the time that judges could act on those provincial commissions. I merely followed the precedent which was created at that time and which was followed even by my predecessor in the department until this incident occurred in Regina.

Mr. BENNETT: Oh, no. The province of Ontario, for a long time, requested that the dominion should agree to the appointment of judges for these purposes; then it ceased to do so. Whatever it may mean, the statute says that the consent of the dominion should be sought and given. Mr. Justice Newcombe's view was that this did not have reference to a provincial commission. I recall the circumstances, but the difficulty is that judges cease to be judges the moment they accept a commission.

Mr. LAPOINTE (Quebec East): But they are commissioners acting at the request of the province and performing a public service. Of course the only knowledge I have of the matter is from the records, but I must tell my right hon. friend that in connection with the hydro commission inquiry in Ontario the minister admitted that this action was taken by the province alone without authorization from Ottawa, though he stated that this did not alter the fact that the authorization should come from Ottawa.

Mr. BENNETT: That is right.

Mr. LAPOINTE (Quebec East): However, that is a matter as to which we must be permitted to differ. This commission is going on; its work is proceeding, I think, in a most effective way. I do not think there were any politics in its appointment. This is merely a means of getting at the truth of a matter which was debated between the provincial and the federal governments. What made it perhaps still more imperative that this should be done was the fact that Saskatchewan is policed by the Royal Canadian Mounted Police, who receive their orders in provincial matters

from the attorney general of the province and in federal matters, of course, from Ottawa. There was a conflict between the two authorities, and I sincerely believe that the work of the commission and its report, instead of intensifying this friction and conflict, may make it easier to reconcile the two views. My right hon. friend stated that the morale of the police has declined because of the appointment of this commission. Far from it. I believe the evidence that is being given before the commission will rather be a justification of what the police did, and will rather clarify certain issues which were perhaps dangerous, as to which the people did not have the best information, the information they should have had.

Mr. BENNETT: I was dealing with the effect upon the trial of the accused.

Mr. LAPOINTE (Quebec East): I do not think so. My right hon. friend referred to the fact that the chief justice permitted one of the strikers to say that the victim of the battle had been killed by one of the mounted police officers.

Mr. BENNETT: That he saw the officer battering the man to death.

Mr. LAPOINTE (Quebec East): Yes. How could the chief justice refuse to hear that man? That is what that witness said, but there were scores of witnesses, both police and neutral citizens, who said otherwise. After all, the only way to get at the truth is to secure the evidence of all those who claim to have been witnesses to what took place at that time.

Mr. BENNETT: I agree, only the matter should be in a court.

Mr. LAPOINTE (Quebec East): It should be in a court, but it is difficult to get a matter like that into a court.

Mr. BENNETT: But it is in a court now.

Mr. LAPOINTE (Quebec East): It could be in court only in connection with one special incident having to do with the accused on trial in that court. Now my right hon. friend said it is even stated that evidence would be taken in British Columbia. Possibly one of the commissioners is going there. But it is to serve the ends of justice and it may happen that the evidence given there might be far from injurious to the case of the Royal Canadian Mounted Police.

Mr. BENNETT: I was not concerned about that.

Mr. LAPOINTE (Quebec East): It is exactly as I said already, to get the facts. Surely it is not a bad thing to get the facts and to find where the truth is, no more in this matter than in the reference to the supreme court, and even in the Riddell incident. Those strikers, or a committee representing them, came to see me since the commencement of this investigation. They asked three things: first, that we should appoint a dominion commission instead of that provincial commission which apparently they do not like; second, that we should change the personnel of the commission, increase it and put a representative of the strikers on it. Of course we could not very well agree to that. Their third request was that we should pay counsel for the strikers. Those three demands were submitted to me and to some of my colleagues, and after consideration we rejected them. We thought the present commission has all the necessary powers to secure what we want to have shown, and the facts. We did not give them what they desired, but they paid us the compliment of saying it was the first time for years that they had been received courteously when they came to Ottawa.

Now there is another matter which also relates to the administration of justice. I am prevented from referring to it except, without giving any names, to say that far from being actuated by politics in this matter, certain people had made the same demand before 1930. There had been a subsequent trial of another man, who had been acquitted in connection with the same matter, and the man who had been convicted claimed that this made a change and that there had been a mistrial. The attorney general of Ontario advised strongly against a new trial. I refused to recommend a new trial before 1930. Surely this was not because of politics, for the attorney general of Ontario then was a Conservative. But when I came back to the department this year there had been an investigation held by the present attorney general of Ontario, who had made a new report strongly recommending the granting of a new trial. This report had been submitted to my immediate predecessor in office, who was there only a short time, but he did not deal with it; he had no time, and I found it on the doorstep. Conditions were altogether changed. But, Mr. Speaker, even then I did not feel like granting a new trial. I thought the ends of justice would be better served by using the discretionary power which I have under the criminal code to refer the whole matter to the court of appeal of Ontario, and to let them decide what should be done. I thought, in

face of the conflict between the two attorney's general of Ontario, the one prior to 1930 and the one of to-day, the best thing for the Department of Justice here to do was to refer the question for judicial determination in the province, and I do not think I deserve to be told by my right hon. friend that some people are afraid there are politics in the Department of Justice.

Mr. BENNETT: I did not say politics. Look and see what I said.

Mr. LAPOINTE (Quebec East): Well, I hope it is not that, because if my right hon. friend said it he knows the gravity and the seriousness of such a remark.

Mr. BENNETT: I fully realize it.

Mr. LAPOINTE (Quebec East): However, I think I may close these remarks by telling my right hon. friend that I hope he will think well of me in the future as he did in the past. As far as I am concerned I wish him happiness and peace. My best and most earnest wish is that he may be brought to feel kindly about his political opponents.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, first I wish to take this opportunity of congratulating you upon your accession to the position which you now hold. I wish also to congratulate the mover (Mr. Slaght) and the seconder (Mr. Fournier) of the address.

In rising to speak to this motion I feel that not only do I represent the constituency of Weyburn; that not only do I represent a group in this house which holds a particular social viewpoint, but that as one of the youngest members in this house I represent a class of people in Canada who hitherto have been unrepresented. Might I point out that there are perhaps more young men in this House of Commons than there have been for many years past. I feel we can say, because of the contacts which some of us have with youth organizations across the dominion, that through us to some extent a certain section of young Canada speaks.

I wish to draw the attention of the house to one remarkable phrase in the speech from the throne, a phrase which seems to me to be pregnant with irony. It is this:

> —in adhering to the aims and ideals of the League of Nations, and in seeking, in unison with members of the league as well as with other nations, to support by all appropriate and practical means the maintenance of peace, and the establishment of a world order based on justice and equity.

I should like this house to think for a moment of what that means and what steps the government has taken to maintain peace.

I need hardly remind hon. members that in 1919 at the close of the great war the League of Nations was formed, and that in signing the covenant of the league, for the first time in the history of the human race over fifty nations gave up their sovereign right to wage war. But in return for giving up that right these fifty-seven nations required that they in turn would be guaranteed collective security. That after all is the only way that you and I can ever hope to live in a law-abiding and peaceful world. Just as you and I within the state, by giving up certain privileges of attacking the person of another individual, receive certain protection and certain privileges, so the nations of the world began this noble experiment of giving up the sovereign right to wage war and in return were guaranteed collective security.

Following that, Italy is declared by the nations of the league to be an aggressor against Ethiopia. I want here and now to commend the present administration upon two things which they have done. They interpreted correctly the mind of the Canadian people, first when they decided that the people wanted economic sanctions, and, second, when they correctly decided that the Canadian people did not want to indulge in a world war. That is, they understand what I suggest is the basic psychology of the Canadian people to-day, namely, that we will not trade with a murderer while he is engaged in the act of murdering, and that we will not have any trade or traffic with any brigand while he is engaged in international piracy. That I believe to be the attitude of the Canadian people, and the government correctly interpreted it.

What happened? We went through the motions of passing economic sanctions—and I say "through the motions," because it is very evident that sanctions have only one aim and one purpose, namely, to prevent war. Sanctions are valuable only if they are made effective. For instance we know to-day that it is absolute nonsense to talk about passing sanctions against Italy or any other country if the sanctions which are passed have the effect of boycotting commodities which are not needed by that country for purposes of war. Italy can get along without Christmas trees, Christmas candles and teddy bears, but there are certain basic commodities without which she cannot wage a war.

I believe Doctor Riddell took the logical position that if sanctions are to be valuable they must be effective, and that the most effective sanction in this day and age would be oil. Napoleon said that an army marches on its stomach; the modern army marches

on oil. Without oil Italy could not continue to fight. What happened? The Canadian government gave the impression throughout the civilized world that Canada was not prepared to stand behind the statement that had been made by her representative. This afternoon the Prime Minister explained that what was meant was something similar to the statement made by Sir Samuel Hoare. That however was not the interpretation placed upon it, and I believe the statement was open to the interpretation that Canada was not in favour of oil sanctions.

There are two sources from which Italy has been drawing her oil, namely, the Anglo-Persian Oil Company of Great Britain and the Standard Oil Company of the United States. When Mr. Lloyd George made the statement during the last general election campaign in Great Britain that aeroplanes flying over Ethiopia had Anglo-Persian oil in their petrol tanks, the reply of the president of that company was significant. He said, "We are keeping the sanction; we are making Italy pay cash." In other words the only crime that, in the minds of certain financial interests could be perpetrated would be that of giving credit to Mussolini. Because of the Anglo-Persian Oil Company in Great Britain and the influence that had been brought to bear in this country, we find to-day that oil sanctions are much further away than when they were first suggested. Why is that so? Is it because the oil interests have too much influence on the powers of government? Is it because those people who make their profits out of oil have a great deal more weight in the councils of the governments of the world than have the dictates of humanity?

The speech from the throne speaks about maintaining peace—peace to-day, when Canadian nickel is indirectly being shipped to Ethiopia. Peace to-day, when Italian aeroplanes are being flown with British oil! Peace! Mr. Speaker, if this be peace it must be like the peace of the Lord—it passeth all understanding. Hon. members in this corner of the chamber voice a logical protest. If the government is going to talk about sanctions, we urge that they be effective sanctions. The people of Canada are asking that we take a definite stand in the matter, a stand with the forces of peace rather than with those of financial interests desiring a greater sale of oil.

I would point out that the speech from the throne is notable not so much for what it says as for what it fails to say.

An hon. MEMBER: That is a good one.

Mr. DOUGLAS: If it ever becomes famous it will do so because it is the speech that forgot the forgotten man. I come from a part of Canada that knows something of destitution and poverty. Last winter the church of which I was minister distributed large quantities of clothing contributed by people in Ontario, part of which came from this city of Ottawa. Tons of clothing were distributed throughout the southern area. I am sure hon. members will realize that I am not drawing on my imagination when I state that last fall there were children going to school in Saskatchewan with only gunny sacking wrapped around their feet. We have gone into homes and found mothers and children lying on piles of bedding in the corner; they did not have the proper bedding equipment or the proper clothing to meet the rigours of a very cold winter. In those sections where necessity for food, clothing and shelter is dire and where people are faced with want and insecurity, what do we find? We find that in this entire speech there is hardly a reference to what is to be done for them. What has the government of the day to offer to these people harassed with debt, needing food and needing clothing?

I hold in my hand a letter from my constituency, one of hundreds which are received by members. This is one from Trossachs, Saskatchewan. I shall not weary hon. members by reading it all, but I would direct their attention to some words from this man whom I have known, a man who has worked for years to help build the province of Saskatchewan and the Dominion of Canada. Men like these are the assets of our country. He states:

> I have been trying to get relief. They allowed me $1.35 a month to live on, and would not allow me anything for clothes, and that is something that I really need. But I do not want to get anything I do not need, but I sure need clothes.

He wants only enough clothing to keep warm. I now hold in my hand a letter from one of my committee men. It is addressed from Montmartre, Saskatchewan, at which point he investigated a case, one which is by no means isolated. It could be duplicated again and again. The letter is as follows:

> There is a family of eleven persons here living on relief. They are getting eight dollars per month, and range in age from thirteen to twenty-six. This family is starving. Two of them are under the doctor's care through not having enough to eat. Will you please see what you can do for this family? I am helping them all I can at present, but that is not very much. I know families in this district that are getting more than eight dollars a month, with only three in the family. So

would you please let me know what can be done for this family? I have just come from a visit there, and they had dry bread and potatoes for supper.

This may seem a very trivial matter to an august assembly such as this, but I want to tell you, sir, that watching the house this night are families all over the dominion who are facing conditions like that, men, women and children who are looking to this new administration, with its preponderant majority, to bring them some measure of relief from their present hardships. As the hour is getting late I shall defer what further remarks I have to make until to-morrow.

On motion of Mr. Douglas the debate was adjourned.

CANADA–UNITED STATES TRADE AGREEMENT

Mr. LAPOINTE (Quebec East) moved the adjournment of the house.

Mr. BENNETT: Before the motion is put, I would point out that the government notice of motion standing in the name of the Prime Minister with respect to the trade agreement does not set out the agreement itself. It will be recalled that last year when we were dealing with matters of that kind we thought it desirable to put the agreement or convention or whatever it might be on the orders of the day, so that members of the house would have it before them when they came to approve the agreement. We printed for the convenience of the members the various conventions that had been signed at Geneva in order that they might have it before them when ratification or approval was moved. I suggest therefore that the trade agreement should be set out on the orders of the day so that it will be available to the members for we must insist on having before us the agreement before we approve it in some form or another.

Mr. LAPOINTE (Quebec East): Of course, my right hon. friend knows that the agreement, and especially the schedules, is a very voluminous document, and if it were put on the orders of the day and stood there for days, because it is not going to be taken up immediately, it would increase the size of the order paper. Perhaps it might be printed in a separate document, or in the votes and proceedings for one day.

Mr. BENNETT: Quite so.

Mr. LAPOINTE: I will consult the Prime Minister about the matter.

Motion agreed to and the house adjourned at 10.55 p.m.

[Mr. Douglas.]

Wednesday, February 12, 1936

The house met at three o'clock.

DOMINION FRANCHISE ACT

Hon. FERNAND RINFRET (Secretary of State) moved for leave to introduce Bill No. 3, to amend the Dominion Franchise Act.

Some hon. MEMBERS: Explain.

Mr. RINFRET: The purpose of the bill is simply to postpone for one year the annual revision of the lists.

Motion agreed to and bill read the first time.

CANADA SHIPPING ACT

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Before the orders of the day are called, I would like to ask the Minister of Marine (Mr. Howe) if he can give the house any information as to when the Canada Shipping Act, passed in 1934, will be proclaimed.

Hon. C. D. HOWE (Minister of Marine): Mr. Speaker, there is a question on the order paper.

IMPERIAL DEFENCE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): On February 10 the hon. member for Winnipeg North Centre (Mr. Woodsworth) asked the following question:

May I ask the Prime Minister what commitments, if any, have been made by Canada with regard to imperial defence?

I answered at the time:

I would have to have a conference with my colleague the Minister of Defence before I could answer my hon. friend. I am not aware of any commitments, myself, at the moment.

I now give my hon. friend the answer, having taken up the matter with the Minister of National Defence:

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 parliaments of the several parts of the British commonwealth of nations, upon the recommendation of their respective governments, to decide upon their course.

CANADA-UNITED STATES TRADE AGREEMENT

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I reply, Mr. Speaker, to a question asked last evening by the right hon. leader of the opposition (Mr. Bennett) as to the distribution of the Canada-United States trade agreement. On the day of tabling the reports, I tabled the agreement in printed form. I thought it had been distributed to all hon. members of the house, but if any hon. members have not received a copy I will see that another distribution is made.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, that is not the point I had in mind. I had in mind the supplying of information that would enable a proper discussion of the agreement to be had in this chamber. It will be recalled that when the British agreements were under consideration, and the agreements made with other parts of the British empire, we printed for the use of members a complete record of the tariffs and changes, showing what the tariff rates were and what the changes were. Inasmuch as the right hon. gentleman has indicated that the agreement contemplates a great alteration in the whole tariff structure of the country, it might be desirable, in fact it is desirable, that there should be in the hands of hon. members a statement showing what the existing tariff rates are that will be applicable to the United States, and what the United States tariff rates are that will be made applicable to Canada on the various items that are affected by the agreement in both countries. That is the information that was received by the house when the imperial trade agreements were under consideration; and it does seem to me that, in order that the agreement may be properly studied, such things should be available to the members of the house in convenient form. I think on that occasion we did circulate a copy of the whole tariff act, and supplied also several sheets that contained comparisons between the existing rates and the rates that were to come into force under the agreement.

Mr. MACKENZIE KING: May I say to my right hon. friend that that is not the request which he made last night.

Mr. BENNETT: That is the request I tried to make.

Mr. MACKENZIE KING: May I read what my right hon. friend did ask for? He said:

Before the motion is put, I would point out that the government notice of motion standing in the name of the Prime Minister with respect to the trade agreement does not set out the agreement itself. It will be recalled that last year when we were dealing with matters of that kind we thought it desirable to put the agreement or convention or whatever it might be on the orders of the day, so that members of the house would have it before them when they came to approve the agreement. We printed for the convenience of the members the various conventions that had been signed at Geneva in order that they might have it before them when ratification or approval was moved. I suggest therefore that the trade agreement should be set out on the orders of the day so that it will be available to the members for we must insist on having before us the agreement before we approve it in some form or another.

There is no mention there of anything other than the agreement itself, and, as I have said, the agreement was tabled on Monday and I have been informed that it was distributed to all members on the same day in both English and French. The request my right hon. friend now makes is one I shall be very glad to take into consideration and with respect to which I shall give him a reply later.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Tuesday, February 11, consideration of the motion of Mr. A. G. Slaght for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Woodsworth.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, when the house adjourned last evening I was pointing out that the speech from the throne had entirely overlooked certain elements in our population, not the least of which were those now facing dire poverty and distress on the western prairies. I was on the point of observing that in the district immediately surrounding the city of Weyburn alone we distributed last winter over two hundred babies' layettes where children had been born into the world to families without fitting garments in which to clothe them. It was not an unusual thing to find new born children clad in garments made from washed-out flour sacks. I draw these facts to the attention of the house because I believe those people have been totally overlooked in the deliberations of the present administration.

I should like also to draw to the attention of the house some other elements in our population that I think have been

neglected as far as the speech from the throne would indicate. First I would direct attention to the large farming population. The income of the farmers, particularly those of the west but also those of all Canada, has declined steadily during the last five years, with the result that to-day the best authorities tell us that the average farm income is about $350 per year, and I know many who are living on less. The cost of living and the cost of farm operation have not declined accordingly. The fixing of the price of wheat last summer by the late administration helped a great deal, more I think than they were given credit for, but I want to suggest to the present administration that we need to go further. I would particularly direct the attention of the Minister of Agriculture (Mr. Gardiner) to two things that need to be done if we are to help western agriculture. The first is to have that fixed price apply to all grains as well as to wheat; the second is to have that fixed price made retroactive. I know of an instance, and it is not uncommon, of a man who sold his entire wheat crop under economic pressure just six days before the price of wheat was pegged, with the result that he lost eleven cents per bushel on a fairly large crop. But there are farmers who had no crop at all, and who did not get the benefit of this fixed price. At the present time they are faced with appalling conditions. I can remember sitting in an audience in the city of Estevan and listening to the present Prime Minister (Mr. Mackenzie King) suggest that he was in favour of some type of crop insurance. I have read the speech from the throne again and again but I fail to find any indication that we are to have crop insurance or anything else that will take care of the economic insecurity of those who, through drought, grasshoppers and other whims of nature, find themselves deprived of their livelihood.

But, Mr. Speaker, there is another circumstance that is oppressing the agricultural community; that is the tremendous burden of debt that hangs about the necks of the farmers. The figures for last year show that the farm mortgage indebtedness of the Dominion of Canada is more than $671,000,000, while for the three prairie provinces it is $324,000,000. On July 1, 1932, the farm management department of the university of Saskatchewan published a statement edited by professors Allen and Hope concerning Scott municipality, which happens to be in my constituency. These gentlemen showed that there were eighty-four farm-owners in that municipality; that the average acreage of these farms was 628 acres and that the average debt against each farm was $14,700. In many cases that is a great deal more than the farms could have been sold for at that time, or even at this.

Of these debts eighty per cent were incurred when wheat was $2 or more per bushel. To-day these people are trying to meet their obligations with wheat at 87½ cents or less, because many of them had only a feed wheat crop last year. Therefore I direct the attention of the government to the fact that the speech from the throne contains no adequate solution of the problem confronting this great agricultural community, that is looking to this house for some type of assistance at this time.

Then I would direct the attention of the house to the fact that across Canada there is a great army of unemployed, with over a million people living on some type of government assistance or relief. What does the speech from the throne suggest that the government is prepared to do for this army of people? It suggests that we are to have a national unemployment commission. I have read the words, "They asked for bread and they were given a stone." The unemployed of this country have asked for bread and they have been given a commission. I would suggest, Mr. Speaker, that it is not commissions and supervision we need; what we need is to deal with the fundamental economic issue of the reorganization of our economic system in order to put purchasing power back into the pockets of the common people to enable them to buy back the things they produce. I suggest that these fundamental issues are not being met. What about unemployment insurance; what about the work and wages program about which the Liberal party have spoken so frequently in the past? The people of this country are asking about this; they want to know.

Then I would direct your attention, sir, to another class of people, men and women between sixty and seventy years of age, the people who produced the wealth of this country, who helped build the Dominion of Canada to all that it is to-day. Thousands of them have come to the place where they can no longer face the future with any degree of optimism. Large industries are no longer hiring them; many of them, salesman, commercial travellers, technicians, have been cast aside like a squeezed out orange rind. What do we propose to do for them? They produced the wealth of the country. I maintain that they have the right to a share in it. I maintain that legislation should be placed on our statute books to take care of men and

women who, having served their day and generation faithfully and well, now look to society to do its part in giving to them a measure of economic security.

I should like to draw the attention of the house to the plight of the great class of merchants throughout Canada. I hold in my hand an excerpt from a Saskatchewan newspaper reporting a telegram sent by the present Prime Minister to some of his constituents in Prince Albert, in which he said:

> I approve wholeheartedly of their recommendations in reference to report of price spreads commission.

From that I took it that the Prime Minister was opposed to rebates and discounts, to these unfair trade practices by which large mail order houses and chain stores have gradually and ruthlessly been driving down the business of the small merchants, yet in the speech from the throne I find nothing to indicate that concrete measures are to be placed upon our statute books to meet that situation. Are we to infer that the rule of laissez faire is to continue? Darwin said that the law of the jungle is the survival of the fittest; I wonder if my hon. friends think the law of economics is the survival of the slickest. One would gather that, as one sees the very noticeable absence of any legislation in this respect.

I draw attention to the fact that across this dominion there are thousands of ex-soldiers, burnt-outs, men who gave the best years of their lives in the great war, men who to-day are partly or wholly incapacitated in the race of life. They want to know what a grateful country—at least vocally grateful—is prepared to do for them now that they are no longer able to do anything for themselves. Some fine recommendations were made by a commission called the Hyndman commission; what does the government propose to do about those recommendations? I think the house has a right to know.

One of the most crying problems facing the Canadian people in all parts of this dominion is the tremendous one of public health. People need dental and medical and hospital care. We have all the facilities for rendering those services, yet there is not an hon. member who does not know that people who have money can secure those services and people who have not money cannot, and are not getting them.

An hon. MEMBER: That is not so.

Mr. DOUGLAS: My hon. friend says it is not so. But we know that to be true on the prairies, and there is no doubt it is true in other parts of Canada. While doctors and dentists have given of themselves until some of them are almost bankrupt, many people have had to go without the necessary dental care, the necessary medical care, have had to stay at home and have treatment in their homes, simply because they have not the money. I am not saying this condition can be rectified overnight, but I suggest that the dominion government take immediate steps to formulate a co-ordinated health policy for the Dominion of Canada. The greatest asset of the country is the health and welfare of her people, and that should be the first consideration of any government.

I am most interested in the problem of youth. It was a move in the right direction when the relief camps were transferred from the Department of National Defence to the Department of Labour. I read with something of amusement that these camps are to be abolished at an early date "as expanding employment opportunities permit." In other words, as business absorbs these young men the camps will be abolished. Of course when business absorbs these young men the camps will not be needed. But that is not meeting the problem at all. What we need is the abolition of these camps; what we need is to place these young men in gainful employment and wholesome environment. In the report of the commission of inquiry, excerpts from which appeared in the press last week, we find them lamenting the subversive influences found in these camps. Let me say that there are other influences more subversive, for instance, the demoralizing influence upon young men of seeing the years go by and finding themselves without technical training or mental preparation for useful work, with the result that even if conditions do right themselves these young men will find that their places have been taken by those better skilled and younger than they are. There is the problem.

Last night the Minister of Justice (Mr. Lapointe) very proudly displayed some campaign literature. I do not know that it is worth while in an assembly like this to spend our time metaphorically thumbing our noses back and forth across the floor. But I would like to draw attention to some campaign literature that the people of Canada have not forgotten: "Jobs or doles, which? Vote Liberal." "Vote Liberal and get back from the poorhouse." "Tory policies cannot end unemployment; vote Liberal."

Mr. BRADETTE: Mention the big shots now.

Mr. DOUGLAS: I draw the attention of hon. gentlemen, and particularly the very courteous gentleman across the floor who keeps making noises that are not quite audible or quite intelligible, to the fact that the people of Canada are looking to this house to do something to implement the promises made during the campaign. I suggest that the time has come for action. We have a tremendous opportunity and a preponderant responsibility. The people of Canada look to us; the people of Canada trust in us; the people of Canada are counting on us; in heaven's name let us not fail them.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, may I first of all congratulate you, sir, upon your election to the high office of Speaker of the House of Commons. May I also join with those who extended congratulations to the hon. members who so ably moved and seconded the address in reply to the speech from the throne.

It is not my intention to discuss the various matters to which reference is made in the speech from the throne. But it seems to me advisable and necessary that some reply should be made to the speech made by the right hon. leader of the opposition (Mr. Bennett) in relation to the question of wheat. I desire to deal as briefly as I can with some of the inaccuracies in that speech, some of the inferences with which I cannot agree, some even of the insinuations which I regard as unjust and unfair, made against a man and against men who have no opportunity here to defend themselves; and to say something with regard to the amazing attack—I would almost say the malicious attack—which was made upon the present chairman of the wheat board. I would conclude with a discussion of the method by which the members of the former wheat board were relieved of office, and finally, and most important of all, I wish to place on record the policy of the present government with regard to the wheat question so that the House of Commons and the country itself may not be misled.

This problem of the disposal of the wheat surplus of western Canada is no longer only a western problem. I am not saying anything to the detriment of the western farmer; indeed I have every sympathy with him when I say that eastern Canada has now perhaps not quite so great but a very substantial interest in the disposal of the western wheat surplus. Millions of dollars—yes, scores of millions of dollars are at stake in the operations carried on by the former government in connection with the accumulation and sale of wheat through Mr. McFarland and the wheat board, and the possible and probable losses must be borne by the whole country.

On Monday the right hon. gentleman made some references to certain rumours going about to the detriment of Mr. McFarland. I have not heard those rumours; I say now, and I think the right hon. gentleman will believe me, that they did not emanate from myself, as chairman of the wheat committee, or from any members of the government. I do not propose to pay any attention to them. He spoke about the blasted reputations of the men who were relieved of their duties as members of the old wheat board. With all good will may I say to the right hon. gentleman that I thought he might have reason for eliminating the word "blast" from his vocabulary, when he thinks of the unfortunate results of a statement he made in 1930 with regard to blasting his way into the markets of the world.

Mr. BENNETT: As we did.

Mr. EULER: The facts speak for themselves.

Mr. BENNETT: Hear, hear.

Mr. EULER: To come directly to some of the statements, inferences and insinuations of the right hon. gentleman, may I observe that at least by inference he charged that the present board, and I suppose for the present board the present government must be responsible, were trying to cast the pools of western Canada into disrepute—

Mr. BENNETT: Hear, hear.

Mr. EULER: —that they were going to finish cooperative selling—

Mr. BENNETT: Hear, hear.

Mr. EULER: —and I believe I am not putting it too strongly when I say the right hon. gentleman implied that the new wheat board is nothing less than a tool of the Winnipeg grain exchange.

Mr. BENNETT: That is a little bit strong.

Mr. EULER: I think I am not putting it too strongly. I cannot follow the involved processes of my right hon. friend's mind when he draws such unwarranted inferences from the mere fact that this government has made a change in the personnel of the wheat board.

Possibly I should make reference to the members of the present board, and I shall first mention Mr. Murray, designated by my right hon. friend as "grain exchange Murray." I am quite certain he had no intention of paying Mr. Murray a compliment when he used that expression. It would be just as fair and

I would mean no greater offence if I were to refer to the right hon. gentleman leading the opposition as "C.P.R. Bennett".

Mr. BENNETT: It has been done for twenty years.

Mr. EULER: Yes.

Mr. BENNETT: Yes, for twenty odd years.

Mr. EULER: Quite so.

Mr. BENNETT: It is now "C.P.R. Dunning" also.

Mr. EULER: I am quite certain however that while the appellation I have given with respect to the right hon. gentleman carries with it no prejudice and no thought of ulterior motives, the same feeling might not have governed him when he made references to Mr. Murray.

Mr. DUNNING: You might as well say "grain exchange McFarland."

Mr. EULER: Yes, we might as well say "grain exchange McFarland." I have not had the pleasure of an acquaintance with Mr. Murray for any great length of time, but I will leave it to the judgment of those who know him to determine whether or not he is one of the most capable, most honourable and public spirited men in Canada.

My right hon. friend made reference to Mr. McFarland, indicating that Mr. McFarland had been giving his services free for a period of nearly five years. I give him all credit for it; I think Mr. McFarland is a thoroughly reputable gentleman, and a public spirited citizen of Canada. We need not always agree with what he does, but it does not follow that we cannot have the greatest respect for him. It may be news to hon. members when they learn that Mr. Murray has taken a reduction in income amounting to $7,000 in order to serve the people of Canada.

Let us now consider Mr. McIvor, vice-chairman of the board. For years Mr. McIvor was with the pools, while Mr. Murray was engaged with a farmers' organization of grain growers. During the last five years Mr. McIvor was Mr. McFarland's right hand man, and I would scarcely expect the leader of the opposition to criticize him.

So far as Dean Shaw is concerned, I am very sure even the right hon. gentleman opposite would not make a reflection upon him. Let me say this: For five years the present leader of the opposition, together with Mr. McFarland, carried on secret operations by way of buying and selling wheat in western Canada, thereby accumulating a mighty surplus which has now become a problem in the hands of this government. No person knew what was going on. Questions were frequently asked in this chamber, but no answers were given. I question very much whether any hon. member, including the former Minister of Trade and Commerce and the Minister of Agriculture in the late administration, had any knowledge of what was taking place in connection with the operations carried on by Mr. McFarland. My point is this: In spite of that attitude, one which might have and was sometimes subject to criticism, not one member of this chamber ever impugned the motives, the public spirit or the desire for public service that animated these two gentlemen.

Mr. BENNETT: Charged with being gamblers, that is all.

Mr. EULER: I have never heard the charge made in this house.

Mr. BENNETT: Oh, yes.

Mr. EULER: Perhaps speculators.

Mr. BENNETT: No, charged with being gamblers.

Mr. EULER: The gentlemen constituting the new wheat board have been in office only a few weeks. Would it not be generous and fair of the right hon. gentleman to credit them and this government with just as keen a desire to do right by the people of Canada as was credited to the right hon. gentleman and his board at that time?

Two chief charges were made by the right hon. leader of the opposition, the first being that someone was playing politics, and the second that we had practically handed over the wheat situation to the Winnipeg grain exchange. As to playing politics, may I reply to my right hon. friend and hon. members that I am not particularly adept at the game of party politics. I do not believe it is in the mind of even my right hon. friend that in the appointment of the new commission or the discharge of the old wheat board I have lent myself to the playing of party politics. The new commissioners were selected because we regarded their selection as a public duty. So far as I am concerned I did not know them, and for a certainty I do not know now the colour of the party politics of the members either of the old board or of the new.

Turning to Hansard I find that in speaking about the members of the Winnipeg grain exchange and the boast made prior to the last election the right hon. gentleman said:

> They were going to see to it that Liberals were returned in those constituencies, and they saw to it wherever they could.

Surely there is not anything necessarily sinister in the fact, if it is a fact, that the members of the Winnipeg grain exchange supported the Liberal party, because hundreds of thousands of other Canadians did the same, honestly believing that a change of government was desirable.

I spoke of some of the inaccuracies that appeared in the address made the other day by the right hon. leader of the opposition. Some of them are of very little importance, but they may assume greater importance than they inherently possess if upon them are based certain assumption and inferences, which are therefore manifestly unreliable.

For instance the right hon. leader of the opposition began his speech by speaking of the importance of wheat, and he said that the average value of the wheat crop produced in Alberta was greater than the average value of gold produced in this country. Well, I had that checked up and I find that the right hon. gentleman is out only about thirty million dollars; that after all the production of gold is thirty million dollars greater than the average production of wheat in Alberta in the last five years.

Mr. BENNETT: I said in the last ten years in the province of Alberta, and I repeat it.

Mr. EULER: I will verify my right hon. hon. friend's remarks.

Mr. BENNETT: Get the figures while you are at it.

Mr. EULER: My right hon. friend said:

> The average wheat crop in Alberta during the last ten years has been worth more than the entire gold production of Canada last year at $35 an ounce.

The value of the gold production in Canada in 1935 at $35 an ounce was $115,000,000, in round figures. The average value of the Alberta wheat crop from 1926 to 1935, ten years, was $85,000,000.

Mr. BENNETT: That is not correct.

Mr. EULER: I had it checked by one of the experts of the department—

Mr. BENNETT: I had it checked also.

Mr. EULER: —and I am inclined to accept what the officer of my department tells me. Of course, after all, thirty million dollars is not a very great deal in view of the fact that we have increased our debt in the last five years by some $900,000,000.

My right hon. friend also made the statement that in the last five year period, from 1930 to 1935, this country produced two billion bushels of wheat. I find again that he was wrong there by a mere half a billion bushels; that the actual figure is nearer 1,500,000,000 than 2,000,000,000 bushels. I do not believe that my right hon. friend made the incorrect statement intentionally, but rather he made the mistake of figuring that from 1930 to 1935 was only five years whereas it is six years. For the whole six years were included, both 1930 and 1935.

Mr. BENNETT: That was because the crop year ends on July 31. I included the crops coming in in 1930 and 1935, which made it six years. I made that clear when I spoke.

Mr. EULER: He spoke of a five year period.

Mr. ROWE: He said the end of July.

Mr. BENNETT: Hansard will show.

Mr. EULER: My right hon. friend admits it.

Mr. BENNETT: I explained what was meant by that in answer to a question by the Minister of Finance (Mr. Dunning).

Mr. EULER: I am merely clearing up that misconception, and I assure my hon. friend that I am not attaching any great importance to the matter.

My right hon. friend spoke, and I think this is of some importance, of a world reservoir of 1,325,000,000 bushels of wheat in 1930, and went on to say that that had been reduced last year to 625,000,000 bushels. If that is true I do not think it is entirely accurate, but accepting for the moment those figures if the world surplus of wheat was reduced from 1,325,000,000 bushels in 1930 to 625,000,000 bushels last year at the end of July, what in the world were Mr. McFarland and the then prime minister doing that they did not get the surplus of wheat in Canada down in similar proportion to that of our competitors?

On July 31, 1930, we had a carryover in Canada of 127,000,000 bushels. The figure increased until on July 31, 1935, it stood at 215,000,000 bushels, and later in the year it increased, as members of the house know, to almost 300,000,000 bushels. What does that mean? Simply this, that our competitors in other countries were selling their wheat while Canada, to use street language, was left holding the bag.

My right hon. friend said the other day that he did not desire to deal in percentages; but they are sometimes very illuminating—and this bears directly on the reasons for setting up the new wheat board.

In 1930 Canada held 23 per cent of the wheat surplus of the four chief wheat exporting

nations of the world. In 1935 Canada's percentage of the wheat surplus of these four countries had increased to 43 per cent, which again bears out and emphasizes what I said a moment ago. Again I ask, what was being done by those who controlled the Canadian wheat surplus, that they did not try to bring it down in proportion to the reductions by these other countries? Of the world carryover in 1930 Canada held about 14 per cent, and that was increased in 1935 to 24 per cent. I think that comment is unnecessary because the facts speak for themselves. There certainly was no active wheat selling policy in Canada.

Mr. DUNNING: And we had four bad crop years.

Mr. EULER: Yes. The surplus cannot be blamed upon nature, because as a matter of fact in Canada during those six years we had virtually four crop failures and in only two of the six years was there an average crop. Nature, therefore, really assisted in keeping down our wheat surplus; yet it increased as I have already indicated.

While my right hon. friend did not draw any conclusions from the fact which he gave, that the world's wheat surplus had been reduced from 1,325,000,000 in 1930 to 625,000,000 bushels in 1935, what I think he intended to convey was that now, since we still control within measurable distance of half the world wheat surplus, we are, to use another street term, sitting pretty; that we can make the world come to us for our wheat and that we can dictate the price at which we wish to sell.

Mr. BENNETT: If the hon. gentleman will read it he will see that that is not what I said.

Mr. EULER: I have read it, and I cannot see any other implication or reason for making the statement.

Mr. BENNETT: I gave the reason. It is on Hansard.

Mr. EULER: I am afraid I am rather dull of comprehension, because I read it very carefully and I could not see that any particular inference was drawn by my right hon. friend. But perhaps this is what he refers to. He says:

> And from that reservoir—
>
> That is the reservoir of 625,000,000 bushels.
>
> —all the purchasing countries of the world must buy their supplies for the next eight months.

Meaning, of course, that we were in control and that we could, I suppose, exact any price we chose.

Mr. BENNETT: But we controlled only a portion of that reservoir.

Mr. EULER: We had nearly half of it, nearly 200 million bushels. My right hon. friend did not remember that while on July 31 last year the reservoir had been reduced to some 625 million bushels, the new crops of the Argentine, which I admit is not very large this year, and of Australia have since then become available. Russia and other European countries, France, Germany and Portugal, are shipping surpluses even now. It may surprise some of the members to know that one can never be too sure just how much the supply of wheat is. I do not know a great deal about the wheat business, but I find that there are many uncertainties in it and some things which are difficult to understand. I learned only a week or two ago that a new surplus of wheat had been discovered where it had never before been suspected, and that Portugal and Spain were now offering for sale 30,000,000 bushels of wheat. Then the 1936 winter wheat harvests in Europe and the United States will also be available before expiry of the eight months to which my right hon. friend referred. If his assumption is that because Canada controls a very large proportion of the comparatively small world wheat surplus and we can wait and receive a higher price for our wheat, which, of course, we would all like to see go to the farmers of western Canada, I have this to say: We have had the same rosy story told to us for some three or four years by the gentleman who was the chairman of the wheat board until a few weeks ago. We were constantly being assured that we were just about to turn the corner of wheat prosperity, but we never reached that point. As a matter of fact, the surplus of 127 million bushels in 1930, when he took charge, has been increased, as I said before, to nearly 300 million bushels in the last year. Suppose we have this year, as it is almost time we should have, a large crop in this country, and there are also large crops in the other wheat producing countries, how in the world can we hope to reduce this surplus of between 200 and 300 million bushels and to sell the wheat that we may produce, unles we deliberately offer our wheat in the world markets at competitive prices and give the people a real opportunity to buy it? This government believes in the policy of offering wheat at competitive prices and in clearing the bins as far as possible at fair prices —not at fire sale prices, as they have sometimes been described—before a new crop comes in. It seems to me that that is just ordinary business common sense; it is the practice any

man in business would follow. It applies particularly in the case of wheat, because the longer you keep wheat the more it costs you to store it. Your storage charges are mounting at the rate of two-thirds of a cent per bushel per month.

I should like to say just a word with regard to the criticism voiced by my right hon. friend in connection with the protection of the shorts. It was here that I think the most serious criticism of Mr. Murray came from the lips of my right hon. friend. If it is any satisfaction to him to know, I may say that the present wheat board did make a temporary arrangement in order to encourage the sale of wheat and to protect overnight sales. Those who are familiar with the technicalities of the business will know what is meant by that, and I shall not go into it.

Mr. DUNNING: The previous board did too.

Mr. BENNETT: They did not do it in that way.

Mr. DUNNING: On occasion, yes.

Mr. BENNETT: They did not do it in that way.

Mr. EULER: If my right hon. friend sees anything sinister or wrong in the action taken by the present wheat board, I invite him to ask for an investigation by a parliamentary committee and I promise that he will receive it promptly.

Mr. BENNETT: I intended to ask for that.

Mr. EULER: It is quite all right; you will get it.

Mr. BENNETT: Certainly.

Mr. EULER: My right hon. friend referred also to the Argentine, and to the fact that some weeks ago, quite unexpectedly—

Mr. BENNETT: Not unexpectedly to those who were observing it.

Mr. EULER: I will say this: not unexpectedly to those who were observing it, they raised the price of wheat some twenty cents per bushel. My right hon. friend offered very severe criticism in connection with the fact, and it is a fact, that Argentine wheat was selling at slightly higher prices than Canadian wheat. The Minister of Finance (Mr. Dunning) complained to the leader of the opposition (Mr. Bennett). He said that he was giving the higher price of Argentine wheat in Argentina as compared with Canadian wheat in Winnipeg, whereas a fair basis of comparison would be the prices of the competing wheats at Liverpool. That seemed to me to be very reasonable. I have had the matter checked up just to-day, and I have received the following note from my department:

> Re Liverpool prices Canadian and Argentine wheat. Argentine wheat has been rarely quoted since the new minimum price was established on December 13, 1935. On February 7, 1936, Argentine wheat was last quoted at $1.01¾ versus 98⅝ cents for No. 2 northern Canadian (Atlantic shipment). Since little or no business in Argentine wheat is being done, the spread of 3⅛ cents is meaningless.

That is exactly the point; prices do not mean very much if no sales are being made. The Argentine has very little wheat to sell, and what is sold is being sold in neighbouring countries, such as Brazil. As a matter of fact the reports I have received are to the effect that last week, giving a case in point, the Argentine sold in the United Kingdom, our chief market, only 18,000 bushels of wheat.

I should like now briefly to discuss the reasons—I have already given some of them, inferentially at least—why the former wheat board headed by Mr. McFarland was displaced. As was indicated by the order in council read by the leader of the opposition the other day, that board was displaced by this government. Our committee and the government believed that a certain sales resistance, as we called it, or antagonism had developed in the foreign markets, especially in Great Britain, as against that wheat board, or against the members of that board.

Mr. BENNETT: Sales were not being made by the board.

Mr. EULER: All right; we will say Mr. McFarland.

Mr. BENNETT: Or by Mr. McFarland. The act provides that sales shall be made through certain channels.

Mr. EULER: Mr. McFarland and my right hon. friend have been carrying on the business of buying and selling wheat for five years. They have been selling in Great Britain, and the board merely takes the place of the old—

Mr. BENNETT: No, the statute provides that—

Mr. DUNNING: They control the price.

Mr. EULER: We had become convinced that there was a certain antagonism and sales resistance in Great Britain against the sale of Canadian wheat, and we believed that was caused by the action of that board. In that

there was nothing personal against the members of the board; I want to make that perfectly clear. I made some inquiries. I had conversations with more than one person with regard to the feeling in Great Britain, and I was assured that that feeling did exist. I should like to quote to the house something which may be perhaps more conclusive to hon. members. I quote from Broomhall's Corn Trade News, which is, I think, a fairly reputable publication.

Mr. BENNETT: It is a fine millers' publication.

Mr. EULER: The millers are the buyers of our wheat; they are our customers.

Mr. DUNNING: It is the most reputable international wheat authority there is in the world.

Mr. EULER: I quote from the issue of February 13, 1935, as follows:

We have never criticized the Winnipeg price minima as being unreasonably high. Our criticisms have been levelled at the policy in general, which has prevented free competition on the international market. Similar criticism is now heard in the dominion, where speculation is rife as to how the government will disentangle itself from its wheat commitments.

Then again from the issue of March 27, 1935:

It is, however, a very debatable point as to whether Canada's best interests are served by a policy of splendid isolation. If Mr. McFarland were to approach the trade in a spirit of friendly cooperation, and adjust his prices to a reasonably competitive level, it is quite probable he would be agreeably surprised at the amount of business waiting to be done.

Mr. HEAPS: What was the competitive price at that time?

Mr. EULER: That was in March of last year, and I am afraid I cannot give my hon. friend that information.

Mr. BENNETT: That is March, 1935?

Mr. EULER: Yes. Again on September 11, 1935:

The Canadian wheat board, on whose advice the present price has no doubt been established, would appear to be taking a bullish view of the international situation. We would not care to say that, by holding back supplies, Canada has worked a corner, but we can readily believe that Mr. McFarland, who is the chairman of the wheat board, has advised his government that an increased price for Canadian wheat is justified on statistical grounds. The danger, of course, is that by anticipating a rise in international prices, the Canadian wheat board will further estrange overseas buyers. If there is sufficient strength in the statistical position to justify a price of 87½ cents for No. 1 northern wheat, would not that price be reached without naming it as a minimum? Possibly the wheat board would have better served Canadian interests by fixing a price more in line with current values of competing descriptions. It seems unnecessarily tactless to lose an opportunity of renewing friendly connections with buyers in the United Kingdom and other importing countries.

Then from Milling I might read an extract which appeared in the issue of December 14, 1935:

Canada is undoubtedly enjoying a larger share of the world's trade now that the McFarland policy of rigid selling has been abandoned. Prices of Canadian wheat are more competitive than they have been for a long time and consequently I expect that good quantities will continue to be bought by importers. It cannot be said that Canada is forcing sales—

Mr. BENNETT: That is, at the present time.

Mr. EULER:

—and thereby damaging the "bull structure" of the market. She is simply putting out offers in reasonable relation to the offers of other shippers.

I have been trying to establish in a reasonable way the fact that there was antagonism and sales resistance, in Great Britain particularly, against Canadian wheat. But the proof of the pudding, after all, is in the eating, and since the change in the board has been made we have the following results: in the nine and a half weeks the old board was in office they sold twelve and a half million bushels of wheat net. In the six weeks that the new board has been in office they sold sixty-five and a half million bushels of wheat. It is worth while to establish good will if you are going to do business with your customers. My right hon. friend made some reference to the fact that a man was sent over to Britain to try to reestablish contact with our customers in that country.

Mr. BENNETT: That is not what Mr. Lamont went for.

Mr. EULER: That is exactly what he went for; and I am informed that he has been very successful. He has been in contact with the buyers of Canadian wheat in that country; and whereas in past years, for reasons which are apparent to everybody, the proportion of Canadian wheat going into British flour has been tremendously reduced, he now has some assurances at least that these proportions will be increased.

I would like to say in conclusion that the change has been made for one reason and one reason only. It was not a pleasant thing to do. It was made in the public interest, in order that the interests not only of the western farmers but of all the Canadian people

should be served. I maintain that the change has been received reasonably well, even in parts of the press of western Canada, in the press of eastern Canada, and, I think, among people who like to see business done on business principles. If it were necessary to point to evidence that the change was not entirely unwelcome, even in western Canada, I need only refer to the by-election in which my hon. friend the Minister of Agriculture (Mr. Gardiner) was returned by a tremendous majority, and in which the change in the wheat board, to some extent at least, was made an issue by my hon. friends opposite.

Mr. BENNETT: Never had anything to do with it.

Mr. EULER: And the issue was the matter of the wheat board.

Just one word with regard to the treatment accorded to the old wheat board. I should like to make one thing plain. The leader of the opposition has stated, I think in so many words, that our treatment of the old wheat board, and the method of dismissing its members—if you like to put it that way—was hardly decent. The situation was this. The government having decided that in the public interest that change should be made, I was unfortunately chosen, as chairman of the wheat committee, to convey the news to the chairman of that board, Mr. McFarland. We had a personal conversation. I told him what was the feeling of the government. He said to me, "I won't retire unless you ask me in writing to do so." Naturally I wrote to him and gave the reasons, as I was bound to do, the reasons which I have given here; and the same letter, or a wire, was sent to his colleagues. They consulted and then decided that they would not retire. What was the government to do under the circumstances?

Mr. BENNETT: Add the rest of it—because of the condition imposed in the letter.

Mr. EULER: Very good; that is quite satisfactory. We then, believing that the change should be made, made it by order in council, and there again, very naturally and quite properly, gave the reasons for making the change. My right hon. friend says, and Mr. McFarland says, I think, that the integrity of the board was impugned. I leave to the judgment of hon. members whether the mere statement to certain gentlemen that sales resistance, and an antagonism to themselves have developed, constitutes a reflection upon the integrity and the honour and the honesty of such people. Surely the mere fact—if I might cite a parallel—that the people of Canada last fall developed a feeling of antagonism towards my friends opposite did not cast upon them any reflection of dishonesty or dishonour. There was no thought of casting any reflection whatsoever upon the integrity and the honesty of these gentlemen.

The leader of the opposition made some reference to the fact that we paid an honorarium amounting to six months' salary to the three members of the retiring board and Mr. McFarland had returned it. He said that Mr. McFarland had returned it, that he sent the cheque back with a communication that he could not accept it with that reflection against his honesty and honour and integrity. I may say to my right hon. friend that that was not the letter that was sent at all. The letter that was sent acknowledged the receipt of the cheque, and Mr. McFarland concluded like this—

Mr. BENNETT: Read the whole letter, please.

Mr. EULER: I will read the whole letter, if I have time. It is addressed to myself.

> I am in receipt of your letter of January 23rd, which was forwarded to me here from Winnipeg.
>
> I note an order in council was passed on January 22nd, providing for me a gratuity of $9,000. In the meantime, a cheque for the amount has just reached me, which I am returning you herewith.
>
> The fact is, under the circumstances, I cannot accept a gratuity on an order in council, because of the fact that a previous order in council provided for my retirement, and gave as a reason for my dismissal a cause which was clearly established as unwarranted.

But not a word, as the hon. gentleman says, as to his not accepting it with that reflection against his honesty and honour and integrity.

Mr. BENNETT: That is what is meant.

Mr. EULER: Mr. McFarland did not make that statement in declining to receive the cheque.

I have nothing further to say. That is the justification for the change in the personnel of the board, and the reasons that were given, and the manner in which it was done. We are not yet out of the woods. This particular problem is left on the doorstep of this government by the former government, and it is a difficult one to handle. This government does not pretend to say that because a new board has been appointed we are going to be out of this difficulty in a month—I am not going to set a term at all; that would be entirely unauthorized on the part of anybody. There are many factors that enter into the wheat situation: matters of drought, crop failures, and the restricted markets of

the world. But we do believe that the right policy has been established, that Canadian wheat ought to be offered regularly at competitive prices and sold if those prices can be obtained. I have stated the policy. We have to await the course of events, but I am confident that our action will prove to be in the best interests of the farmers themselves and of the Canadian people in general.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, it is not my intention to cover a very great deal of ground on this occasion, first, for the very clear and definite reason that, instead of three and a half or four hours in which to speak I have only forty minutes. The other reason is this: I have but one thought to which I wish to give expression to-day, and I will reserve for other occasions the discussion on various subjects that naturally come to one's mind. During this session I think there will be ample opportunity to discuss many matters of vital interest to this country, so if I do not mention them to-day it is not because I am lacking in any appreciation of their significance or their importance at the present time.

The government has come into office with an unusually strong support in this house. It is no false flattery for me to say that the government should be congratulated upon the expression of confidence that has been accorded it by the people of Canada. Any government or any party might well be proud of that expression of confidence, but at the same time I would suggest to the government and particularly, shall I say, to the new members of the Liberal party who are supporting the government in the house, that Canada is expecting great things from this government and this parliament, dominated and controlled as it is by the Liberal party. As far as I am concerned, in reference to any measures calculated to advance the interests of the people of Canada, I shall very gladly and freely cooperate with the government in passing such measures. I repeat, however, that the country expects much of the government. I would rather say, if I might do so without offence, that I think the country expects much of this parliament and I wish to start this session, as far as I am concerned, with the suggestion that it is parliament, the House of Commons, that should assert itself rather than that we should focus too much attention upon the administration, and I do not say that with the slightest sense of disrespect to the administration.

Before addressing myself to the matters with which I wish to deal, I should like to indulge for just a moment in what was indulged in by the leaders of the two major parties, that is, a little playing around with percentages. It is about the only comfort I can take out of the situation and I propose at once to arrogate to myself that modicum of comfort. I have made an analysis of the vote and I find that the Liberal party polled 2,061,000 votes, which means that each Liberal member in the House of Commons represents, on an average, 11,500 voters. Each Conservative member represents, on an average, 32,000 voters —not so bad, as someone says, and I quite agree. My Social Credit friends represent, on an average, 10,750 votes—not so bad again. Each Cooperative Commonwealth Federation member represents an average of 55,000 votes. The members of the Reconstruction party, however, each represent an average of 384,000 voters. So, Mr. Speaker when it comes to playing around with averages and percentages in connection with the voting, at least I can claim to be in rather a unique position. I think I am entitled to say—and I say it this once—that I am conscious of a very great responsibility in speaking for that large number of voters, though certainly in a numerical way I do not count for very much in this house of 245 members, a house in which I have been sitting for twenty-five years, so that I know something of its constitution, its habits and its practices; but, sir, I have a large measure of pride in the fact that I can speak for a large body of the free citizens of this country.

We met this year under a shadow, that of the death of a beloved sovereign. I think King George will be remembered through the ages and will be portrayed on the pages of history not only as a sovereign beloved by his people but also, I think, as one having the further unique record that in practically every country not belonging to the empire he was respected and admired. I had hoped, Mr. Speaker, that, meeting under the spell of this sad but inspiring circumstance, we in this parliament might forget partisan feelings and differences, unite in an effort to study the welfare and promote measures for the general well-being of this country, and contribute to the solution of our common problems. This, sir, is the House of Commons.

May I digress for a moment to say a word to that very large body of members who sit in parliament for the first time. I have not checked the figures with care, but I am told, sir, that there are more new members in this parliament than ever sat in any new parliament since confederation. That may

not be correct, but it is certainly true that there is a very large number of members here who never sat in parliament before and, of course, the great majority of them sit with the Liberal party. It has occurred to me since the election, and since the house met, that a great many Liberal members who sit for the first time in this parliament have come here earnestly imbued with the doctrines, the old, ancient doctrines, of their party. I am going to offer a word of warning; it is this—and I speak from a recollection of my own entry into the House of Commons twenty-five years ago—you come to the house convinced that your great party—the Liberal party I shall address for the moment—stands for what you believe to be best in the political life of the community. You come here with a conviction that you as an individual will be able to contribute something to the solution of your nation's problems. And you will be, unless you fall under the spell of extreme partisanship and allow your better judgment, your convictions and your conscience to be dominated by the exigencies of the party whip. I am not saying that with any disrespect to the new chief whip of the Liberal party, a gentleman whom I respect and admire and whom I count as a friend. But it is part of the game. I venture to say that there is not an older member in the house on either side but looks back over the years and recalls that time after time he has subjugated his own best judgment to what was conceived to be for the moment the good of the political fortunes of his party. Now it does not necessarily follow—and I say this with some knowledge and experience—that a man must always separate himself from his party, but he can make himself heard and felt in the house, in debate, and in the party caucus if you wish, make his views known, his influence felt when he knows and is convinced that something proposed is not in the best interests of the community as a whole. I would plead with the house, not necessarily to break away from party, but, at least in these years of adversity and struggle, to endeavour to bring to the service of the country what is in the interests of the country and not simply in the party interest.

I said a moment ago that this is the House of Commons. It is not the house of privileged interests; it is not the house of power. We often hear about accession to power, as if mere accession to power gave some divine right to do anything you wish. That is not so. This is the house of the common people of Canada. It is often referred to as the high court of parliament; personally I do not like the term. Not but what it is in a sense true, but when it is used over and over again it seems to carry with it the inference that only a student of the law has any right to a voice in this house. This is not the high court in that sense; this is a forum for the common people, where their representatives may express their views; where, as the Prime Minister (Mr. Mackenzie King) has so often said, their rights and their privileges may be safeguarded. And the first duty of every member who comes into the house is to preserve to himself and herself the rights of those whom they represent, irrespective of what may be said by those who consider it to be other than a forum of the common people. Thank heaven, Mr. Speaker, that Canada is still a democracy, at least in name if not in fact. I think we might well pause to consider that. Let us ask: What is a democracy? I ran across a quotation from Kant, the philosopher; he used these words, indicating how a democracy should function, and I commend them to the attention of hon. members:

So to act as to treat humanity as an end and never as a means.

That is, a democratic institution like this parliament should at all times so act that whatever it does has in view the welfare of humanity before the welfare of special interests, and never think of or treat the individual as a means to an end. That philosopher was not a Christian, but in those words he epitomizes the very essence of Christian teaching as it relates to human beings.

Slavery is a denial of democracy. Slavery is a denial of freedom. It is an absence of freedom. I ask the house: Is there freedom in Canada to-day? Let us pause and ponder. The Prime Minister said the other day that the Liberal party had made great contributions to political liberty. So they have. One has but to read the history of politics in Great Britain, in the mother of parliaments, and in Canada and elsewhere, and one must recognize in fairness and justice that the Liberal party have made great contributions to political liberty. But that is not the issue to-day. The issue to-day is economic liberty, and I say very frankly that in my opinion there is no economic liberty to-day. Let me ask hon. gentlemen this—I will take only two general illustrations—has the farmer of Canada, whether in Quebec, the maritimes or the west, anything whatever to say about the price he shall receive for his butter fat when he takes it to the factory?

Mr. HOWARD: Yes, he has.

Mr. STEVENS: Nothing at all. He is told what the price of butter fat is that day; that

price is named in Montreal by some unknown and invisible authority, subject to no public control and with no responsibility to the public. The farmer ships his hogs or cattle to the Toronto livestock exchange, or to Edmonton or to Winnipeg or Montreal, and he has nothing at all to say as to what he shall get for them.

Mr. HOWARD: Certainly he has.

Some hon. MEMBERS: No.

Mr. STEVENS: Nothing, Mr. Speaker. The farmer will ship his cattle to these markets and what will he get? He will get a statement: loading charges, freight, unloading charges, water, feed, commission, stockyard charges; these will be taken off a price about which he has nothing to say, and he will get a ticket back saying: This is what you will receive. As an individual he has no more to say about it than has the man in the moon. But each morning there goes out a wire from Toronto indicating what shall be the price of cattle or hogs that day. I ask: Is there any economic freedom in that? I am not suggesting—I shall discuss this feature at more length later; I am using it merely as an illustration—that we should return to the old days when a farmer toted his stuff in and bargained with an individual over it; not at all. But I do say that if in the process of time and evolution of business certain conditions have arisen where the farmer has nothing to say about the prices of his produce, then some authority, some power, some influence ought to stand between him and those who do determine those prices. That is all I have to say about that.

Is there any economic liberty or freedom for the great mass of workers in Canada to-day? There is only one liberty I know about that is left to the ordinary salaried or wage earning class, or to the ordinary workman, and that is the liberty to go hungry. I do not know of any other. There is no security. Only a few days ago I read an analysis which indicated that one of the reasons men are not attempting to build homes to-day is that they cannot experience that security in employment which would justify them in even thinking of a home. That is true. We talk about the homes of Canada of which we are so justly proud and which most of us are privileged to enjoy. But how many are there among the toiling millions across Canada who have security of employment sufficient to justify them in taking a home?

A few days ago I heard about an eminent gentleman to whom were brought, as had been the daily custom, the cost sheets of his great plant. He was worth millions. Scanning the cost sheets, which indicated that he was making profits, he said, "You have got to cut down." His superintendent said to him, "That would mean throwing some of these men on the street, and we are not overmanned." The gentleman replied, "Cut five out of this lot and ten out of that, and make the others do the work." Out they went. Where did they go? They went out on the street, with no security. Have they savings? With the exception of an odd few here and there who have had the good fortune to have employment for a number of years, show me anywhere where those men have savings. I remember hearing an eminent authority saying not long ago that there were 5,000,000 deposit accounts in Canada, and the statement was made as evidence to prove that the great masses of the people had savings accounts. Well, I know this: I checked up at one factory, and although it is very difficult to get them to talk I found that out of 250 workers only twelve had bank accounts. Upon making a further check I found dozens of concerns having ten and twelve bank accounts which did not represent individuals. Practically every church in Canada has bank accounts for the board of trustees, the board of management, the missionary society, the Sunday school, the young people's society, and so on. There may be ten or twelve accounts in all. Yet we hear the statement made that there are 5,000,000 deposit accounts in Canada; I question if there are 2,000,000. Nobody knows. The point is that we do know there is no sense of security in employment, and as a result there is no economic freedom or liberty.

Mr. VIEN: Is this condition peculiar to Canada?

Mr. STEVENS: Not at all. In fact, I believe Canada is perhaps more blessed in that regard than is any other country, and to a greater extent than is the United States.

I am glad the question has been asked, because it forms the basis of an observation to which I should like to give expression, if I have time, that it is in the hands of this parliament in the series of sessions held this year, next year, the next, and so on, to pass those measures which will lay the foundation in Canada for economic freedom, for democracy and for the establishment of this great realm. Where? On the basis of the welfare of the agriculturist and the worker. If it does not rest there, then there can be no security for the so-called upper strata.

I wish to impress this fact upon parliament, although it may not be heeded: We hear a great deal of discussion about the constitutionality of this or that law. At the present time eight acts of parliament are before the supreme court awaiting decision as to their constitutionality. I am strongly convinced that if the parliament of Canada will speak firmly for the Canadian people, and the rights and interests of those people, we shall not need very much law. May I illustrate that point. Two years ago the price spreads committee sat in this building, and before it appeared one of the greatest corporations in Canada, the Imperial Tobacco Company. The facts disclosed that that company had cut the price of tobacco from around 30 cents per pound to from 14 to 16 cents per pound. They had reduced wages by a substantial percentage. They had imposed certain conditions upon retailers and had paid exorbitant bonuses to their executive officers. Those facts, and some information as to capital structure, were disclosed by the committee. What happened? Company officials appeared reluctantly, and at first I believe were very much annoyed in having the facts spread out. They were spread out, however, before the public of Canada. What happened? Almost immediately after the close of that session of parliament the Imperial Tobacco Company amended its buying policy. Hon. members from Essex, Elgin and other counties in western Ontario will know that I am stating the truth. Last year and the year before they restored the price of tobacco to from 27 to 30 cents per pound, thereby changing the state of the growers from that of abject poverty in 1932 and 1933 to comparative prosperity in 1934 and 1935. Next they restored the wages of their employees and, moreover, inaugurated a system of pensions and health benefits for them. They went further; they made new agreements with the retailers on an equitable and fair basis. All of that was done voluntarily—no law, no compulsion—only with knowledge of the fact that a committee of parliament had looked at and had permitted the public to look at the picture. That is what may result from a position parliament may take in connection with some of these matters.

When a week or so ago the government of the day took up the challenge of a great corporation which had closed its doors and turned its employees out on the street, what happened? They opened their doors. Why? Because public opinion would not tolerate such a situation. Do not let the house disregard the influence and power which parliament has, not by interfering in business, not by trying to run business, but by standing as the impartial umpire between selfish and unscrupulous interests and corporations on the one hand and those who suffer from their operations on the other. Let parliament stand as the champion of the rights of the common people, as the House of Commons by its very name indicates it is, and we shall see a great change. But there must be a clear-cut, forceful and definite expression of determination on the part of hon. members that these conditions shall not exist. Let them declare for a fair price to the farmer. I do not believe there is an hon. member in this chamber who knows better than I do the perplexities, difficulties and dangers involved in fixing prices. I am not asking for the moment that we fix prices, but I am asking parliament to declare, as one of the fundamental principles upon which the economic structure of this country was based, that fair prices shall be paid to the farmers, that body which forms one-half of our population. I ask that parliament shall declare, as an underlying principle of the economic life of this country, that fair wages shall be paid to the wage earner. I may be told that that is just a pious expression of opinion, but if parliament will bring before it those matters that do violence to the two principles I have mentioned, it will be found that employing authorities will try to conform to the view that parliament thus expresses.

Another point which I wish to emphasize is this: If we are to revive business in this country and relieve unemployment and all the other distresses that are prevalent in Canada to-day, we must take some action that will raise the purchasing power of the masses of the people. The hon. member for Weyburn (Mr. Douglas), speaking a few moments ago, outlined some of the conditions that he had seen in the west. I recall, Mr. Speaker, a trip that I made when I was electioneering in the constituency of the hon. member for Mackenzie (Mr. MacMillan) in 1933; he will recall meeting me there. I addressed some forty-seven meetings; I met literally thousands of farmers; I went on some of their farms and into some of their homes and I saw the conditions obtaining in that district. Then I went into northern Alberta and there I saw conditions such as my hon. friend described a moment ago in somewhat different form—many and many a home, I venture to say thousands of homes, where there was lack of clothing, and I was told by dozens and dozens that their children because of lack of clothing could not leave their door until the warm spring weather came. And that, Mr. Speaker,

is in Canada where we know the great, the dominating proportion of the farming community is not getting a return to-day sufficient to provide those people with warm clothing, and decent blankets for their beds, let alone furniture. Raise their purchasing power. Increase the returns to the farmer, and when you have raised their purchasing power you will stimulate the production of goods for consumption in this country and thus contribute more to the rapid relief of unemployment than could be done in any other way, whether it be in the manufacture of clothing, boots and shoes, furniture, farm machinery, houses and so forth. These are the things that are necessary, but before that comes you must give to the farming community of Canada a reasonable purchasing power.

Mr. VIEN: Will my hon. friend allow me another question? For accomplishing that which is also our aim and purpose has he any specific method other than the expansion of our foreign trade?

Mr. STEVENS: Yes. I do not think the expansion of our foreign trade is the solution. I do not intend to discuss that to-day, but I will discuss it later when the estimates of the Trade and Commerce department are up or on some other occasion. I am not saying this in any critical way. I have given a great deal of study to external trade, and I will take second place to no one in desiring to see our trade expanded, but that is not a solution of this problem.

Mr. VIEN: What is the specific remedy my hon. friend would propose?

Mr. STEVENS: I wish I were over there and I would soon show you.

Mr. VIEN: You were here for a time.

Mr. STEVENS: Yes, and I got out. The economic problem is not a simple one. I would like, if I may, to say to hon. members, and particularly to the hon. member for Outremont (Mr. Vien), who was in the house so many years ago, that I am not offering captious criticism. I am not desiring to criticize this government at all. I am not talking about the government at all. I am simply trying to discuss the problem for the purpose of laying at least a foundation from which to attack it. I am not saying that the solutions are here or there, but I do say that we in this parliament, if we will recognize the underlying and fundamental principles, upon that foundation can build and make a great contribution. The trouble is that we will not recognize these principles. I am not prepared to accept the doctrines of my social credit friends, but the hon. gentleman who leads that party in the house (Mr. Blackmore) last night made a speech that is challenging to hon. members. Not his solutions; I am not talking about them.

Some hon. MEMBERS: Oh, oh.

Mr. STEVENS: Wait a minute. That light laugh is one of the things that makes me despair of parliament. I say to my friends on the government benches: Let them take the quotations which the hon. member for Lethbridge gave from their Prime Minister's speech, and not his views but the authorities he quoted, and they cannot but be impressed by the seriousness of this whole business. Let us at least try to get down to the fundamental principles underlying it all, and then whether the hon. member for Lethbridge has the solution or whether hon. gentlemen opposite have it, let us all work together to find a common solution. I am not willing to accept my hon. friend's doctrines yet. I want to be shown some things first, but I do say this, that credit and the control of credit lie very near the root of the trouble.

People in this country have been calling for the opportunity to work, but, Mr. Speaker, there is a strange condition developing right in this country and in the United States. I was in Toronto the other day and a manufacturer told me that he was having difficulty in getting skilled workers in his plant. I read an editorial in the Toronto Globe a day or two ago, on February 10, which is rather startling. It says:

> At a conference recently of business leaders in Chicago it was stated that, though hundreds of jobs calling for technical knowledge were opening, trained men could not be found to fill them.

It goes on:

> This scarcity was described as most acute in the automobile and general machine trades, though it was experienced by industry in general.
>
> Yet why should the condition be startling? Its roots may be found further back than the beginning of the depression. In the heyday of prosperity youth rather scorned the overalls occupations, and took to the white-collar jobs. There was plenty of money to be made; so why toil all day in machine shops? Trade apprenticeships did not appeal. When the depression came industry slowed down; so did everything else, and there wern't so many either white-collar or overalls jobs. There were fewer opportunities for learning trades; boys were not needed, and staffs were being reduced. Many aging mechanics, idle for five years, have grown too old to resume their former hard work. The consequence is that, with a revival of industry, there is no adequate supply of trained workers.

Is it not startling and challenging to this parliament that, with the stimulation of industrial activity, there is now developing in Canada as well as in the United States a situation where there is actually a scarcity of trained men, when we have hundreds of thousands of unemployed? It is all very well for industrialists and great commercial leaders to tell politicians to keep their hands off business, but here is something which challenges the business leaders as well as parliament, and in my opinion we dare not as a parliament ignore this situation. I should like to ask: Why should not a university graduate in mechanical engineering put on overalls and work at a machine? Is the legal profession more honourable than the calling of the machinist? Is the financier more noble as a man than is a carpenter? Cannot we in Canada get away from the idea that there is something inferior about a man working with his hands? I might ask this question: Is it coming to this in Canada that we are going to develop, if we have not done so already, a system of castes similar in effect to the castes of India, although they may be in another form? Is it to be that the workmen of Canada are to become the untouchables of Canada? I hope not. But unless parliament builds its policies—I am not talking about party policies; I am speaking of parliament—upon the foundations I have indicated, namely, the well-being of the great farming class and the working class, then the superstructure that we have erected will be insecure and in my opinion will topple and collapse sooner or later.

I should like to turn to some statistics which are published by the government, but I shall not go into them in great detail. These are analyses of income taxes made by the bureau of statistics, and any hon. member can obtain them. I shall not give all the figures but simply indicate certain percentages. During the five year period, 1930 to 1934 inclusive, the income of agrarians dropped 52 per cent. Earnings of retail merchants dropped 53 per cent in the same period, while those of wholesale merchants dropped 50 per cent. Earnings of manufacturers dropped 40 per cent, while earnings from natural resources, which include mining, dropped 17 per cent. Earnings of transportation and public utilities, which are closely allied to the producing and distributing elements, dropped 46 per cent. Earnings of all the producing elements decreased; farmers, industrialists, transportation, merchants, all experienced a diminution in income. But there is one class left, the financial. I find that the great financial group experienced in the same period an increase of 20 per cent. This is not a matter of someone saying: Oh, well, there is Stevens again attacking the bankers and the financial institutions. That is not the point at all. Wealth is produced by those who work in the soil, whether they be farmers or lumbermen, or those who work in the mines. It has to be produced out of the soil. What is capital? It is nothing more or less than what is left over after you have paid for the cost of producing real wealth and is available for reinvestment. That has been accumulating and has come under the control of a smaller and smaller number of corporations and persons. The point at issue in Canada is this: Whereas there has been an increase in the earnings of the great financial group, those who produce wealth or create wealth, if you like to use that term, have all experienced a diminution in earnings. How long can this go on? Let any logical or impartial man give the answer to that question. Of one thing I am convinced, it cannot go on indefinitely.

In case it may be suggested that I have rather stretched this theme, let me quote from a speech made the other day by Sir Edward Beatty. Sir Edward made the very definite statement that more production is the remedy for unemployment. That is a rather striking statement from Sir Edward Beatty and I agree with it. I do not believe in the so-called doctrine of scarcity; I never had faith in it and never did believe in it. Let me quote Sir Edward as follows:

> Men who came from farms, attracted by high wages paid by business institutions in the cities, and then abandoned to unemployment, had a legitimate cause for complaint against the skill with which private business is conducted.

Those are not my words; they are those of Sir Edward Beatty. That is no utterance of mine. In making that statement Sir Edward Beatty reflected what I believe is the conviction of every thoughtful student of modern business and economic problems. It is not sufficient for business men to warn governments and politicians to keep out of business. The long and short of the matter is the fact that the collapse of 1929 followed a period when private business was uninterrupted and unmeddled with, if I may use that term, by governments. My hon. friends will be the first to endorse that. Is Mr. Speaker going to call me to time?

Mr. SPEAKER: I was about to do so.

Mr. STEVENS: I am sorry, but I should like to make one brief reference in conclusion.

Some hon. MEMBERS: Go on.

Mr. STEVENS: What I have to say I want to say with absolute courtesy. I should like to put a challenge to this government. I should like to challenge the Liberal party to be true to its ancient principles. I appeal to the new members who have come here imbued with the doctrines of Gladstone, of Bright and so on, of which we hear so often. In saying this I speak as one who has sat opposed to hon. members opposite. I recognize that there is a certain type of mentality which is peculiarly adapted to the exigencies that presently obtain. I believe the Liberal party, because of its history and its ancient principles, has an opportunity which is unsurpassed in scope.

This is the house of the common people. Let us respect not only the sanctity of contracts, but the sanctity of human lives. In saying that I am not disregarding the desirability of observing contractual agreements, but I place before that the sanctity of human lives. It is a case not just of safeguarding capital, but of preserving the rights and ensuring the well-being of the producers of wealth and those who make capital possible.

Mr. GORDON GRAYDON (Peel): I rise for the first time to address, through you, Mr. Speaker, the House of Commons, and I do so with a great deal of trepidation, which I know will be understood by hon. members who recall their initial attempt at assisting, in debate, the legislative activities of a great body such as this.

I should like to take this opportunity to say that my riding of Peel joins with the rest of the Dominion of Canada in expressing appreciation of the good fortune which has come to this dominion by virtue of the fact that we have now governing us one of the most talented and most literary men from the old land, Lord Tweedsmuir. I should like to couple with that remark a reference to the fact that we are also extremely fortunate in having as the first lady of our land none other than the very charming Lady Tweedsmuir.

I would also at this time, following a custom which I have observed during my stay in this chamber, congratulate the mover (Mr. Slaght) and the seconder (Mr. Fournier, Maisonneuve) of the address in reply to the speech from the throne. I would congratulate particularly the seconder, upon his youthful appearance and also upon his great fluency in both official languages of the house.

May I direct a remark or two to the hon. member for Parry Sound (Mr. Slaght) who moved the address in reply. Perhaps I may be pardoned if I take the same liberty which that hon. gentleman did on that occasion, in case the Dominion of Canada at large, through the reports and proceedings of this house, should gain the impression that the district of Parry Sound is the greatest district in the province of Ontario, to place just a little ahead of that district the greatest constituency in the Dominion of Canada, the county of Peel. I appreciate the tone of my hon. friend's address; it was kindliness personified. I hope, through the deliberations of this chamber, in which I may have a part, that that attitude will be not only continued but developed in the way we should all like to see it developed.

The hon. member made mention, Mr. Speaker, of what a great asset his riding had in the Dionne quintuplets, those very beautiful and charming young ladies whom he believed might be his supporters some day. The county of Peel, as I am sure the rest of the dominion does, also takes pride in these quintuplets; because was it not a plant, and a good plant too, in the village of Port Credit, Ontario, that supplied the food which made it possible for these quintuplets later on to be supporters of the hon. member for Parry Sound? I think that is worth recording on Hansard.

Mr. LAPOINTE (Quebec East): It was accessory after the fact.

Mr. GRAYDON: May I say, too, that we have in my county the largest flower producing centre in the whole world. One plant alone covers forty acres, all under glass. For the information of hon. members who are not familiar with the town of Brampton, may I say that the greenhouses, if placed end to end, would extend a distance of over nine and three-quarter miles. That florist industry gives employment to over six hundred people. For that reason the terms of the Canada-United States trade agreement, which is mentioned in the speech from the throne, and which is to come before the house, are most important in so far as that agreement affects the florist industry of the Dominion of Canada, and the cut flower business, in which so many working people are interested in our particular constituency. It is my great hope that the government will see fit to remedy any defect which may have caused concern to the working men of my riding, and that they will see to it when the time comes the remedy will be both swift and sure.

I would also like to point out that the agreement between the United States and Canada which will shortly come before this house for attention contains something which

must be dealt with in detail later on, as it affects the fruit and vegetable men in the southern part of the riding which I represent. I am hopeful that the expressions in the speech from the throne do not mean that seasonal regulations and dumping duties will not be available for the protection of the farmers whom I have the honour to represent.

I am not going to take up the time of the house by a lengthy address; in the county from which I come we believe in short sermons, short editorials, and short speeches. But I should just like to point out that I wanted in this preliminary way to raise my voice on behalf of three particular sections of our community, the farmer, the workingman and his family, and the new generation, the youth of our country, which perhaps need as much attention as any other section of the community. The man on the back concession, the workingman in the poor home, and the young man who is not able to find a job in this peculiar world, are watching eagerly the deliberations of this first session of the eighteenth parliament of Canada. I hope they will not be disappointed. They ask for leadership. They have been seeking it through many different channels. Let us hope that the leadership which will be provided by the government of our country will be of a quality which will be worth something to these three sections of the people; that it will actually amount to something beyond mere words; that words will be translated into concrete action looking to instant and permanent relief.

Therefore I say to the government of our country to-day, in all honesty and sincerity, that I do hope something along this line will be accomplished. I hope that their efforts will meet with the success that they themselves hope for; and I trust that our Conservative party, small in numbers though it may be, may play some definite and valuable part in assisting to bring to the Dominion of Canada the better times which you and I, Mr. Speaker, are so anxious to see prevail. I should like to offer the cooperation of one of the humblest private members in the house to the end that something practical may be done, and that mere partisanship shall not occupy the attention of the house to the extent that some who have voiced opinions suspect has been the case in the past. I hope we shall be able to throw aside in some degree party prejudices and do something for the man on the back concession, the workingman and his family, and the young men and women who have just come out of school and are looking to the government of Canada to accomplish something worth while.

Mr. ELIE O. BERTRAND (Prescott) (Translation): Mr. Speaker, at the outset of this session, I cannot, as a representative of the French Canadian minority in Ontario, refrain from expressing the grief felt by the people of this province at the death of our beloved sovereign George V. I wish to offer to His Gracious Majesty Edward VIII our deepest sympathy and also extend to Queen Mary and her family our sincerest condolences in their misfortune, to the new king a long reign, marked by peace and justice for all the citizens of the empire.

We are pleased to find in the speech from the throne the following paragraph with reference to the international situation.

> The seriousness of the international situation has contributed to the world's anxieties. My ministers are confident that they express the convictions of the people of Canada in adhering to the aims and ideals of the League of Nations, and in seeking in unison with members of the league as well as with other nations to support by all appropriate and practical means the maintenance of peace and the establishment of a world order based on justice and equity.

The effect, sir, of the last war, our losses in men, the obligations we then assumed, the problem of pensions to veterans, our enormous war debt which is heavily burdening the Canadian people, all this obliges us to ponder seriously when a question of war crops up. On this score, I think we should, on behalf of our fellow citizens of Ontario, congratulate the hon. Minister of Justice (Mr. Lapointe) for his admirable explanation of the Riddell motion at Geneva, in connection with sanctions against Italy on certain products, notably oil. The government is entitled to our congratulations on the attitude they took in this matter. Let our watchword be to avoid taking any responsibility regarding wars in foreign countries, and believe this will be a great step towards preserving peace all over the world.

Mr. Speaker, before going further, I wish to state that we of the Liberal party are highly pleased to congratulate you upon your appointment to the speakership. Your are eminently qualified for the high office you now occupy and the House will certainly benefit from your wide knowledge of parliamentary procedure and the fairplay which you have always shown during the many years when you were, so to speak, the guide of our party.

I wish to extend my congratulations to the hon. member for Parry Sound (Mr. Slaght), who so ably moved the address in reply to the speech from the Throne. In a sound and

eloquent speech, he proclaimed the policy followed by our party and, he certainly did credit to the constituency which has just elected him. The entire representation of Ontario is proud to include within its ranks such a distinguished barrister.

I must also congradulate the hon. member for Maisonneuve-Rosemont (Mr. Fournier) on his splendid debut in the House, as an orator. He reflected honour on his compatriots and will certainly he the pride of his constituents.

I also deem it appropriate, sir, to congratulate the right hon. William Lyon Mackenzie King and his cabinet on the stupendous amount of work they have accomplished since the elections of October 14. We have already felt, in various parts of Canada, the benefit of the trade treaties concluded with certain foreign countries, notably with the United States. Carloads, even entire train-loads of cattle have already crossed the 45th parallel. The increased prices that have resulted to the producers have been a great boon to that portion of the farming community. Although we will not know before January, 1937, the tangible results of this trade treaty between Canada and the United States, which has been effective from the beginning of January, partial statistics are already available. In Alberta, the new trade regime was inaugurated by the shipping of a train-load of cattle at the beginning of January. Two other trains of 15 carloads have since been shipped. These are merely the most outstanding transactions; the treaty has also produced results in other domains for instance, in the prices of certain articles, even before it became effective.

This treaty was followed by a trade agreement with Japan which, imparting renewed activity to our lumber industry, provided employment to a large number of our workers.

Mr. W. R. Beatty, of Pembroke, Ont., who recently retired from the presidency of the Canadian Lumbermen's Association expressed himself as follows when presiding over the 28th annual convention of the Association, held recently at the Mount Royal hotel, in Montreal:

> The newly-signed trade agreement between Canada and the United States will mean increased shipments to our friends to the south of us, according as recovery advances.
>
> In normal times the United States need our lumber, and our lumber manufacturers need the American market; the treaty may gradually restore to us all of our lost markets. The renewed trade relations with Japan are also a reassuring promise, especially as regards the Pacific coast lumber industry which relies mostly on exports.

These are results which should rejoice us, they also prove that the Government's policy will find markets for the products which we cannot consume in Canada, and which must necessarily be sold abroad.

The speech from the throne also mentions unemployment, a national problem and one of the most pressing that faces the government. We were already aware that the government intended to allow more scope to the provinces and municipalities in this connection. This is confirmed in the speech from the throne it is stated that a federal commission comprising provincial and municipal representation will be created in order to study this problem prescribe remedies and find the best possible means of relieving the situation until the day when normal business recovery will entirely absorb the unemployed, who today number 400,000 but were far more numerous some time ago.

It is further stated that concentration camps will be broken up. All agree that these concentration camps should disappear at the earliest possible date.

The government would do well to take up such matters immediately and, with the cooperation of all interested parties, to find profitable work for the unemployed, as well as for those who are now in concentration camps.

Besides the agricultural problem to which I shall refer in a moment, we must take into consideration the large number of unemployed in this country. The government must not undertake to foster immigration to this country before the work and the development of our natural resources require it.

I wish to briefly broach the subject of amendments to the British North America Act. The question is certainly a very delicate one and we, the French Canadian minority, should give careful consideration to it. On more than an occasion and even on the floor of this house, the hard struggles which the French Canadians had to endure in order to safeguard their rights in Ontario have been discussed.

Some contend that the minorities of all country have had to undergo such struggles, that they are part of history throughout the various periods and that it will always be so. Nevertheless, the fact remains that, as a race, we certainly have our rights in this country and no amendment to the British North America Act must, in the future, prevent their recognition, both from the standpoint of religion and of nationality.

The speech from the throne goes on to say that necessary legislation will be brought

down in the course of this session to control credit and the issue of currency through the medium of the Bank of Canada. This is another delicate question; however, the Liberal party has already stated its policy in this regard, and we are proud to note that a bill will be introduced in the course of this session which will put this country in full control of our credit and of the issue of paper currency. This will perhaps prevent certain classes of our population to loudly proclaim, as they have been doing for some time past, that capital and wealth is created through the development of our natural resources and that this wealth could be easily distributed among all classes of society by the simple expedient of issuing paper currency. We must have faith in the future of our country and save it from bankruptcy. We must congratulate the government, which will, at the first opportunity, assume control of this credit, but it must not be to the benefit of certain classes only; it must be distributed equitably among all classes of the community.

It will certainly prove difficult to attain such an object, because every member of this house is aware of the large number of pamphlets, newspaper articles, editorials, resolutions from boards of trade, groups of business men and financial institutions of all kinds throughout the country which insist that parliament and the government find the necessary means to reduce expenses in a manner such as it has never been done before in the administration of our dominion or of any province. If such a policy was carried out, the people would be the first to suffer. Such are the means proposed to save the country. In all these resolutions we are urged to practise economy; but whom are we to ask to do so? Certainly not the unemployed, nor the workers whose wages are insufficient to give them a decent livelihood, nor the agricultural classes which are on the threshold of bankruptcy. Who shall be requested to practise such economy? The government simply provides the bare necessities of these people.

We know that the Liberal party has always been recognized as the party that has most practised economy, while safeguarding the interests of all classes of the country's population. We hear among the people such remarks as: You Liberals are always elected when the Conservative party has expended all the revenues of the country and there only remains for you to foot the bills. We are perhaps entitled to such an heritage which is certainly a compliment to the Liberal administration.

[Mr. Bertrand.]

I cannot entirely agree with what the hon. member for Kootenay East (Mr. Stevens) has just stated in connection with currency; however, it might perhaps be appropriate to point out, notwithstanding all the propaganda that is now carried on, that Canada is actually indebted to the extent of $3,000,000,000; moreover, she has guaranteed the liabilities of railway and other organizations to the amount of $1,600,000,000, while municipalities are indebted to the extent of $1,500,000,000, forming a total of $7,100,000,000 on which interest has to be met. Actually there are other liabilities for which the people are responsible for instance those of school boards and other public utilities. And we are urged in all the articles I have mentioned, to maintain the present rate of interest, to meet our obligations, to keep the country's credit intact, to avoid repudiating our debts and the guarantees we have given. Thrift is preached to those who are in want, in order to safeguard accumulated wealth by continuing to pay the same rates of interest. The average rate of interest on the total debt to which I have just referred amounts actually to 4½ per cent. I base such figures on an article which appeared in "Saturday Night," entitled: Retrenchment, not conversion, the remedy. Note well that in this article it is absolutely urged that the 4½ per cent rate of interest be maintained; it was even higher before certain conversions were carried out last year. By reducing the rate of interest to 3 per cent an amount of more than $100,000,000 would be economized yearly. This would mean a mere trifle which, according to these people, should be disregarded, because the word conversion would mean repudiation.

I must frankly confess, sir, in the face of conditions such as have been prevailing since two years, the working classes cannot live as comfortably as they did a few years ago owing to the lack of work; the farming class is passing through a period of crisis such as it has never experienced in the past.

These people are urged to economize or to content themselves with the little they have, but when the government wishes to take over the control of the country's credit it is urged not to interfere; when it is a question of putting the lid down on the possessors of great wealth, the government is asked to prevent their income from falling to the level of those of other classes; it is even requested to protect them because, otherwise, it would be equivalent to repudiation and would, therefore, harm the country's credit.

May I be so bold, sir, as to state that something must be done, that I belong to the younger generation that want to see, in the near future, Canada grow, become prosperous and blossom out into one of the finest countries of the world; but may I also point out that there is a growing feeling among the younger generation that its chances of success are slight and that in the struggle for life, it is denied the advantages enjoyed by the preceding generation because we are handicapped by the fact that capital is given more protection than the people. I therefore beseech the government not to neglect this serious problem but, with the help of the Bank of Canada, and its own authority, to find the best solution in the very near future.

A few moments ago, sir, I stated that I would give some details in connection with the problems of the farming class. I wish especially to deal with the subject from the Quebec and Ontario farmers' standpoint. I want first to state that many factors favour the Quebec farmers, notwithstanding the criticisms directed against the Taschereau régime which has been in office in this province for a number of years. May I point out that the taxes levied on the farmers of Ontario are 250 per cent higher than those levied on the farmers of Quebec. I reside in a county where only an imaginary line divides Quebec from Ontario; this permits us to draw comparisons which I could furnish to the house. However, this would not settle the problem which we have to face. I shall, therefore, refer only to the taxes which are levied on the farming class. In doing so I shall even go back thirty years the better to set forth the agricultural problem and the difficulty of remaining on the land. It has been contended that colonization could settle the unemployment problem. It is an easy matter to state that this question may be solved by settling a large number of our unemployed on colonization land. I reside in an exclusively farming county, yet we have never succeeded in the past in settling our farmers' sons on lands located in the northern parts of Quebec or Ontario. They had to abandon their farms because they were unable to meet their obligations and thus they increased the number of unemployed in small towns located close to their abandoned homes. This is a problem which needs the attention of all governments, both provincial and federal.

Continuing the comparisons, may I state that school, municipal and county taxes on 100 acres of land in Ontario in the Ottawa valley, amounted to $38 in 1901; to $60 in 1914; to $175 in 1930, and to $193 in 1935. That is, in 35 years, an increase of 500 per cent for these taxes alone.

The dominion government taxes are levied on the entire population; however, when so levied, the farmers are included. I shall therefore add these taxes to the figures that I have just quoted in order to point out the difficulties the farmers have to contend with.

The taxes levied by the dominion government, per capita, amounted to $8.72 in 1901; to $16.56 in 1914; to $36.01 in 1930, which is an increase of 120 per cent. The provincial taxes, per capita, amounted to $1.85 in 1901; in 1914, to $4.49; in 1930, to $17.50, an increase of 300 per cent in the last 30 years.

So as not to delay unduly this debate, I shall simply quote the prices on farm implements required by the farmer. In 1914. a six-foot mowing machine cost $43.50; in 1935, $97.50. A six-foot binder was worth $102 in 1914 and $205 in 1935. A hay cart cost $60 in 1914 and, in 1935, $122. A fifteen-discs sowing machine sold for $69 in 1914 and for $160 in 1935. These are increases ranging from 125 to 150 per cent in prices of farm implements.

The index figures of agricultural products were, in 1914, as follows: farm products, 69; field products, 64; animal products, 79; making an average of 65·5. I have compared the figures between 1914, 1930 and 1935. In 1930, the same index figure was 86·6 and in 1935 it was 71. The value of farm products has therefore increased seven points on 64, or about 9 per cent, while the farmer's liabilities have increased 125 to 150 per cent on farm implements which he must necessarily purchase; 500, per cent in connection with school, municipal and provincial taxes; 120 per cent as regards dominion taxes and 300 per cent for other taxes. It is therefore obvious that the situation in which the farmer is placed, at present is so difficult that we fear he will be unable to survive in our section of the country.

The economic situation with which the farmer is faced is somewhat as follows: one-third of our population barely receives 58 cents from the sale of their products instead of the dollar which they received, for instance, in 1929, the year when the index figure was 100. In other words, their purchasing power has dwindled to 58 per cent and, when these people purchase in their turn, they realize that prices of articles they require, far from having dropped proportionately to their purchasing power, are still 90 cents instead of a dollar. The result is that the farmer refuses to make purchases or that he buys less than two-thirds of what he requires. The depressing effect of this depre-

ciated purchasing power on trade as a whole is so obvious that it is unnecessary further to stress the point. It is unquestionably obvious.

I shall close my remarks, Sir, by requesting the government to realize the necessity of helping the farming class as well as the other classes I have mentioned. Since 44 per cent of our population are farmers, it behooves us to find the means to relieve the farmers as soon as possible. The new markets abroad will certainly help us to dispose of our products; as the demand increases, better prices will prevail; we all agree on this point. That is why we wish to congratulate the government for what it has already achieved and further encourage it to take all necessary steps to reestablish equilibrium between every class of our community, in order that all classes of citizens inhabiting Canada may earn a livelihood and prosper in our country which we desire to see great, for the happiness of all.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, those of us who have sat in this corner of the house during the past parliament and who are fortunate enough, if I may use the term, to be here again for this parliament, are in a fair position, I think, to watch the play and counterplay that takes place in this chamber between the two great parties. My mind goes back to the special session of 1930, when a similar debate took place. The proceedings of the last few days remind me forcibly of the early days of the last parliament. Anyone not acquainted with the prominent actors concerned would be at a loss to know what the debate was about. The present leader of the opposition (Mr. Bennett) is using language almost identical with that used by the leader of the opposition in 1930, and the leader of the government (Mr. Mackenzie King) is using, possibly in a little different way, language similar to that used by the leader of the government in those days. The results of the election were analyzed; it was assumed that because the Conservative party had a majority in the house in 1930 the people of Canada had endorsed the Conservative party. Now it is assumed that because the Liberal party have an overwhelming majority in parliament the people of Canada have endorsed Liberal principles. I think the assumption is not true in either case. The people of Canada have no idea what Conservative principles are or what Liberal principles are, because neither the Liberals nor the Conservatives have taken the trouble to lay before the people what their principles are and what the consequences of their principles would be if they were put into effect.

May I in a friendly way say to the members of the government party that they should not delude themselves with the idea that they are here because the people have endorsed Liberal principles. They are not here on that account; they are here because the last government failed to do what the people of Canada thought it should do, and what the government had said it would do. The votes cast in the last election for candidates of the Liberal party were not necessarily votes for Liberalism; they were votes against the Conservative party. They were negative votes. The people did not know and do not know now what the Liberal party had to offer them. But they did know what they had suffered during that period of five years, and as a protest against that, even a negative protest, they voted, almost as a matter of habit, for the other party, as alternatively they had voted election in and election out ever since 1867. So may I say to the leader of the government that the same fate awaits the Liberal government that overtook the Conservative government, if within the next few years they do not put into effect policies that will enable the people to avail themselves of the great actual and potential wealth of the country.

We heard during the last parliament a great deal about promises. The leader of the last government carried out at least one of his promises; he said he was going to end unemployment or perish in the attempt, and he has perished. It was not necessary for my Liberal friends to make promises; the people knew what had happened to them, and all they were waiting for was a chance to state their protest in the only way available to them. In order to impress that more clearly upon the minds of my Liberal friends may I draw their attention to the present plight of the Liberal government in the province of British Columbia.

That government was elected with possibly not quite but relatively as large a majority of members in the legislature as was the Liberal government here in Ottawa. After two years in office that same government is afraid to hold by-elections which by the laws of the province are due, because they are convinced that defeat is awaiting them.

Mr. HANSON: Who is going to defeat them?

Mr. MacINNIS: They, themselves, will be the cause of their defeat, coupled with the activities of the party in British Columbia that had the largest vote at the last election. My hon. friend knows which party that was. If he will read the Liberal organ of the city of

Vancouver he will learn who is going to defeat the government. Let me read from the Vancouver Sun an editorial of recent date:

With five Liberal members British Columbia will have an audible voice in the new Liberal government—

That is, the Liberal government in Ottawa—

—but that voice will not shut out the fact that more than 89,000 people voted in anger and protest against their own interests for the socialists. Protest against what? Protest against Premier T. D. Pattullo who was returned to office on a disregarded "work and wages" program, and has since held his office under flagrant false pretences.

That is not a Cooperative Commonwealth publication. It is a Liberal paper supporting a Liberal government in the province of British Columbia.

As I listened last night to the Minister of Justice (Mr. Lapointe) complaining about the tactics used against him in the province of Quebec my sympathy went out to him, because the same tactics were used in the province of British Columbia. In that province however it was not the Conservative party but the party to which the minister belongs which stooped to those unworthy actions. It was the Liberal party that stooped to anything. Nothing was too dirty; nothing was too mean; nothing was too sordid if it would bring them votes. When the minister is complaining about the tactics of the Conservative party in Quebec let him try to improve the tactics of the Liberal party in British Columbia, and we may get somewhere.

Mr. HANSON: Where did the Liberal party in British Columbia resort to the tactics to which the hon. member has referred? I should like to know that.

Mr. MacINNIS: The hon. member lives in the far north; I believe he lives in the city of Prince Rupert, or somewhere in that vicinity, and at a point very difficult to reach and very difficult to get away from. Possibly the news has not yet reached Prince Rupert, but I have no doubt it will reach that point in due time. We are told the Minister of Justice was accused of being a communist and tearing down the steeples and walking on the crucifixes; I say to him that the very same accusations were made in the city of Vancouver. The hon. member for Vancouver-Burrard (Mr. McGeer) who is not now in his seat was the saviour—that is, outside of the present leader of the opposition (Mr. Bennett) —the man who saved the country single-handed from the communists. He arrived here on a margin of six votes. His efforts reminded me of those of Horatius at the bridge. But this time while there was one other man who would hold the bridge with the hon. member, they could not find three. However that did not prevent the Liberal party from helping the communists in Vancouver East. I am told that the communist candidate in Vancouver East did not put in an account of his election expenses, and I understand his reason for refraining was, that the Liberal party had provided the funds and that it was up to them to put in the expense account.

Quebec is not the only province in Canada where racial questions are raised. A few days ago our representative at Geneva said he was glad to say that we did not have any minority problems in Canada. That is not true. We do have racial and minority questions. An article appearing in the Canadian Forum of December, 1935, and written by Professor H. F. Angus of the university of British Columbia is in point. So far as I know Professor Angus is not a member of the Cooperative Commonwealth Federation. I believe, that he is a member of or adheres to the Liberal party. In any case I know he went into the province of Alberta either for or with the Liberal party in an attempt to stem the tide of Social Credit during the provincial election campaign. The article is headed Liberalism Stoops to Conquer. Although I am not going to weary the house with quotations, because I shall have something further to say on this point at another time, I shall quote what were indicated in British Columbia as being Liberal policies, and will ask the Liberal government here in Ottawa if they approve of what I shall indicate, and if they believe that that kind of thing is going to improve Canada's relations with the rest of the world. The article headed Liberalism Stoops to Conquer is in part as follows:

The sophisticated view that political parties are cynical conspiracies to capture or retain political power received some confirmation from the action of the Liberal candidates in British Columbia, who published large advertisements informing the electors that there were 50,000 Asiatics in the province and that the C.C.F. was pledged to extend the franchise to them. "A vote for any C.C.F. candidate is a vote to give the Chinaman and the Japanese the same voting right that you have."

If a Chinaman or Japanese is a Canadian citizen, born in Canada, is it British justice or is it Liberalism that he be denied the same rights as we have, simply because the colour of his skin or the slant of his eyes may be different?

Mr. HANSON: Do you mean that Chinese from the orient should have the same rights as whites in Canada?

Mr. MacINNIS: Absolutely—and not only Chinese and Japanese, but every man and woman to whom we extend the rights of citizenship. What do rights of citizenship mean if they do not imply the right to take part in the government of the country? These people are paying federal taxes, provincial taxes and municipal taxes. They were born and are living in Canada. They have fought for this country, and I believe it is the British viewpoint that regardless of the colour of their skin or who their forebears or ancestors were they should be treated in Canada the same as every other Canadian citizen. But more of that later on.

Mr. HANSON: Would my hon. friend be in favour of oriental immigration to Canada?

Mr. MacINNIS: That is not the question now. I have a resolution on the order paper dealing with that, and I shall discuss it then. But I am speaking now of the tactics of the Liberal party in raising racial prejudices in the province of British Columbia. When my friend the Minister of Justice (Mr. Lapointe), who I believe is a good democrat in the best sense of the term, and believes I think in British justice and fair play, complains of the tactics of the Conservative party in the province of Quebec, he should see to it that his own friends are not following the same kind of tactics in British Columbia or any other province. I quote again from the Liberal campaign advertisements:

> A vote for any C.C.F. candidate is a vote to give the Chinaman and the Japanese the same voting right that you have.

The article goes on:

> Against this enormity the Liberals undertook to protect the state.

Here is another quotation from the Liberal campaign literature:

> A vote for the Liberal candidate in your riding is a vote against oriental enfranchisement. The Liberal party is opposed to giving the orientals the vote.

Note that, sir—the Liberal party is opposed to giving the orientals the vote. That is the Liberal party sitting to-day on the other side of this house and up in the corner to your left, Mr. Speaker; the Liberal party which is the government of Canada at the moment. What a wonderful help such a statement will be in their negotiations with Japan to improve trade relations between the two countries.

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

[Mr. Hanson.]

Thursday, February 13, 1936

The house met at three o'clock.

INDIAN ACT AMENDMENT

Hon. T. A. CRERAR (Superintendent General of Indian Affairs) moved for leave to introduce Bill No. 4, to amend the Indian Act.

Mr. BENNETT: Explain.

Mr. CRERAR: The amendments suggested to the Indian Act are all of a minor character, as I recall them now; it is some little time since I have seen them. They relate to the disposal of the property of an Indian on a reserve to someone off the reserve; to the manner in which the council meetings of the Indians may be held and the giving of a casting vote to the presiding officer; and there are also some regulations to control what is termed a potlatch that still exists on one reserve on Vancouver island. As I have said the amendments are more or less minor in character and a fuller explanation will be given when the second reading is moved.

Motion agreed to and bill read the first time.

PRIVILEGE—MR. BENNETT

DISMISSAL OF CERTAIN HOUSE OF COMMONS EMPLOYEES

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, before the orders of the day are called, I beg to rise to a question of privilege. I am informed that this morning at ten o'clock, and thereafter, a number of employees of the House of Commons were called into the office of the sergeant-at-arms and summarily dismissed, without cause being alleged or given. In some cases this means a very great hardship. I wrote to the leader of the government (Mr. Mackenzie King) this morning as follows:

> I regret to have to inform you that I propose raising the question of the privileges of the House of Commons in connection with the dismissal this morning, under instructions from the Speaker, of a number of men who have been employed in the house for some years past.

Some of those persons thus dismissed have been employed for many years, some for six years or thereabouts and others for lesser periods of time. I am not discussing their fitness for their positions, because, as I shall point out presently, if they have been guilty of misconduct or if there is any charge against them, that charge must be investigated. If

it is found warranted by the facts, then, of course, the statute provides that the Speaker may dismiss them.

The words with which I opened my observations are words which I have read in an address made by the late Sir Wilfrid Laurier in this house on Tuesday, February 28, 1888. I mention that because later he presented a motion to the house, to which I referred the other day. A debate ensued and definite action was taken by the house, holding that the translators came within the ordinary rule and were not exempt from the provisions of the statute. This is the privilege of this house that I want to bring to the attention of this chamber: Our statute provides that the Speaker of this house shall exercise certain powers only under certain conditions. Section 21 of chapter 145 of the Revised Statutes of Canada, 1927, which in terms is the same as the statute referred to by the late Sir Wilfrid Laurier in 1888, reads as follows:

> If any complaint or representation is at any time made to the Speaker for the time being of the misconduct or unfitness of any clerk, officer, messenger or other person attendant on the House of Commons, the Speaker may cause an inquiry to be made into the conduct or fitness of such person.
>
> 2. If thereupon it appears to the Speaker that such person has been guilty of misconduct, or is unfit to hold his situation, the Speaker may, if such clerk, officer, messenger or other person has been appointed by the crown, suspend him and report such suspension to the governor general, and, if he has not been appointed by the crown, suspend or remove him.

In other words no man serving this House of Commons is to be dismissed by the Speaker until he has been given notice of the misconduct charged against him and has had an opportunity to give his defence, and then only after action is taken in the manner indicated by the statute. Therefore there has been a clear breach of the privileges of the House of Commons.

There is the statute. This morning, without notice as to the cause, men were called into the office of the sergeant-at-arms and told that their services were ended. The Speaker is bound by the statute; the sergeant-at-arms, carrying out the directions of the Speaker, also is bound by the statute. Some of these men were returned men; one of them has six children and his wife was ill all summer. He is dismissed without notice, just told to go and check out. Obviously, not having had an opportunity to ascertain the fact because I could not ask either the sergeant-at-arms or the Speaker with relation to it, all I can say is that I was told on what I regard as good authority that a large number of these men have been thus dismissed from their positions, in this cold, winter weather, without warning, except as I understand, that notice was sent by one of the members of this house, the hon. member for Charlevoix-Saguenay (Mr. Casgrain) some days ago that they were engaged only from day to day. But he was not the Speaker of this house at that time and I think it is quite clear that he had no authority to send any such notice.

In the case to which I referred, in 1888, the matter was discussed at great length. There seemed to be no doubt in the mind of anyone that an employee of this house could not be dismissed unless he had a chance to be heard, unless he had notice what his fault was. In that case Mr., later Sir Adolphe Chapleau, wrote a letter to the Speaker making his complaints against the individuals in question; the Speaker at once passed it on to them and they filed their defence; on the strength of that the matter was then sent by the Speaker to the committee on debates, and subsequently it apparently reached the committee on privileges and was dealt with. This is what Sir Wilfrid Laurier said as to the method that was adopted:

> In fact the complaint which was made against them is not in reference to their services as officers of this house, but the charge is that they went out of their proper sphere of action and grossly insulted some members of this house. The charge was brought forward by my hon. friend, the Secretary of State, in a letter dated the 22nd May, 1887.

I will not read that because it is not pertinent to what I have to say:

> Upon receipt of these complaints, you, sir, very properly referred them to the officers themselves for their answer. They sent you their answers, and you afterwards sent the whole correspondence to the chairman of the debates committee. The debates committee investigated the matter and came to the conclusion that it had better be left in your hands to be dealt with. They reported to the house, but that report never was taken up, it never was even moved in the house. It must be regretted that this report was not considered by the house, because then the whole matter could have been dealt with by the house upon its merits, and the house could have determined at once whether these gentlemen had been guilty of such an offence as warranted their dismissal.

I am not going to do more than point out that in all the discussion that took place there seemed to be no doubt that the provisions of the statute in any event must be observed, that complaint must be made and when the complaint is made opportunity should be given to the person charged to defend himself, and thereafter the action mentioned in the statute may be taken.

Now, sir, I bring to your attention the fact that one of the privileges of this house has thus been violated. It was regarded by the late Sir Wilfrid Laurier and by all those who spoke in the house then as a matter of first rate importance, not as something trifling and insignificant. That men could be dismissed without notice and without cause assigned seemed to be something that every member of the house regarded as impossible because of the statute—it was not then chapter 145, but I have taken the trouble to have it compared, and that statute still governs this house. How are we to deal with it? Obviously the proper course is indicated by the action taken by the House of Commons in 1888. And it must have been before this house since—I have not had time to look it up—because I observe this copy of Hansard is underlined with pen and pencil by some persons who evidently have been giving it careful consideration in years long since past—

Mr. DUNNING: Perhaps 1930.

Mr. BENNETT: No, the question what was done in 1930 does not in any sense enter into this.

Mr. DUNNING: It certainly does.

Mr. BENNETT: It cannot possibly.

Mr. DUNNING: We shall see.

Mr. BENNETT: I admit the hon. gentleman is right in saying he can call up his majority—

Mr. MACKENZIE (Vancouver): No one said that.

Mr. BENNETT: No one has raised the question of this statute in this house since I have been in it. I confess I was not, until I looked into it, aware of the fact that the provisions of the statute were as they are.

Mr. MACKENZIE (Vancouver): As the right hon. gentleman says they are.

Mr. BENNETT: No, it is not what I say the statute is; I am reading it. In order that there may be no misapprehension I again direct attention to section 21 of chapter 145, which says:

> If any complaint or representation is at any time made to the Speaker for the time being of the misconduct or unfitness of any clerk, officer, messenger or other person attendant on the House of Commons, the Speaker may cause an inquiry to be made into the conduct or fitness of such person.
>
> 2. If thereupon it appears to the Speaker that such person has been guilty of misconduct, or is unfit to hold his situation, the Speaker may, if such clerk, officer, messenger or other person has been appointed by the crown, suspend him and report such suspension to the govenor general, and, if he has not been appointed by the crown, suspend or remove him.

That is the relevant section of the act which governs this House of Commons, and any open and, shall I say, deliberate violation of it constitutes a breach of the privileges of the House of Commons.

Now I ask, What is to be done about it? In the case to which I have referred the Speaker said that the papers would be laid upon the table to-morrow. It seems to me that under the circumstances is all we can reasonably hope to have done. The matter then ended. But when Sir Wilfrid had brought the question to the attention of the house and said he proposed to have it discussed, the Speaker said that the papers would be laid upon the table, and I later observe that his language was this: "The papers will be brought down to-morrow." And on March 1:

> Mr. Speaker laid before the house certain letters, affidavits and other papers relating to the dismissal of Messrs. A. E. Poirier, E. Tremblay and R. Tremblay, who were up to a recent period employed as French translators of the official debates of the house.

It may be a matter of importance to the house in considering its privileges to realize that these gentlemen were not dismissed in that session of 1887, but in the early part of the session of 1888.

I merely suggest that, having regard to the terms of the statute, it is the duty of the Speaker to lay before this house at the next convenient session, it may be to-morrow or Monday, all the papers with respect to the dismisssal of any employees of this house in accordance with the practice adopted in the construction placed by the house upon the statute that governs our deliberations.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as my right hon. friend has just said he was kind enough to send me a communication at noon to-day mentioning that he intended to bring up in the house this afternoon the question of the dismissal of some employees of the house, which in his opinion constituted a breach of the privileges of the house. In support of his contention that there has been such a breach of the privileges of the house, my right hon. friend has read section 21 of chapter 145 of the House of Commons Act:

> If any complaint or representation is at any time made to the Speaker for the time being of the misconduct or unfitness of any clerk, officer, messenger or other person attendant

on the House of Commons, the Speaker may cause an inquiry to be made into the conduct or fitness of such person.

2. If thereupon it appears to the Speaker that such person has been guilty of misconduct, or is unfit to hold his situation, the Speaker may, if such clerk, officer, messenger or other person has been appointed by the crown, suspend him and report such suspension to the governor general, and, if he has not been appointed by the crown, suspend or remove him.

May I draw the attention of my right hon. friend and of the house generally to a distinction which I believe that section was intended to make? It distinguishes between employees who constitute the permanent organization of the House of Commons and its temporary employees. In the organization of this house for the purpose of enabling it to carry on its business there is a distinction to be drawn between the permanent organization that continues year in and year out, and the additional organization that is necessary for carrying on the business of individual sessions. Hon. members will realize that, regardless of periods of vacation and the like, it is essential that there be a permanent staff here, and that, in connection with many matters that affect the House of Commons, there are officers who must be regarded as permanent officials of the House of Commons. With respect to dismissals that have taken place to-day or yesterday, I am informed that there has been no dismissal whatever of any member of the permanent organization of the House of Commons. As I say, there is a second group of clerks, messengers and others, who are appointed for the duration of the session. That group of temporary, as distinguished from permanent employees, includes stenographers, messengers, pages, some charmen that are known as all-year charmen. A clear distinction has always been drawn between the two, one which in the past has governed the actions of the Speaker in dealing with members of the staff of the House of Commons.

My right hon. friend did not read the next section. I do not think he avoided doing so intentionally, but I submit it helps to bring out the meaning of the act. It is as follows:

The Clerk of the House of Commons shall subscribe and take before the Speaker the oath of allegiance, and all other officers, clerks and messengers of the House of Commons shall subscribe and take before the Clerk of the House of Commons the oath of allegiance.

2. The Clerk of the House of Commons shall keep a register of all such oaths.

I asked the clerk to have in the house this afternoon a record of the registration of oaths of persons included under section 22. The record is at present on the table of the house. I am advised that not a single one of these persons whose names are there recorded has been dismissed.

I am further advised, and I believe correctly, that in other sessions and other parliaments it has not been customary to have oaths of allegiance of temporary employees, of the class I have mentioned, taken before the clerk. The practice at the present time in that particular is exactly the same as it has been for some years past.

My right hon. friend referred to some action taken in 1888; at that time I believe the reference was to clerks whose position was that of permanent translators. They were permanent employees, as are the translators serving at the present time. If, on the part of His Honour the Speaker, there had been a dismissal of any persons belonging to the permanent organization, I think it would have been His Honour's duty to meet the obligation placed upon him by the statute. But clearly it could never have been the intention of the statute that the Speaker should report to the governor in council the suspension of every charman or charwoman, or the circumstances with respect to every page boy against whom complaint might be laid, or with respect to other employees performing temporary duties during the period of a session. I make that clear because I believe His Honour the Speaker has been most desirous of meeting every obligation placed upon him by statute, and has been anxious in no way to impinge upon the privileges of the house.

I now come to the question as to what is best to do. I thought my right hon. friend, when speaking a few days ago, was quite frank in stating that he would not for a moment be hypocritical enough to say that when there was a change of government all temporary employees should be retained by the incoming administration. He knew very well that almost immediately after he took office in 1930 there began to be a change in the personnel of the temporary employees of the House of Commons. I must say that I think it was perfectly reasonable that up to a certain point such a change should have been made. A Liberal government had been in office for several years. As a result a large number of pages, messengers, stenographers and all-year-round char people had been employed under the previous administration. In 1930 my right hon. friend had a large following in the House of Commons, and I must say that, having regard to the personal relationships of this class of employee with hon. members, he was quite right in feeling that there must be some recognition taken of the change of the per-

sonnel in the House of Commons, and that stenographers, messengers, pages and the like should be selected with some regard to political representation in the house itself. However, what was in his mind in that particular, I cannot say. It is true, certainly, that so far as the present administration is concerned, we would take the view, speaking generally, that an effort should be made to have the political complexion of temporary employees correspond in a general way with the political complexion of the House of Commons itself. I think my right hon. friend and members of his party should have a right to feel an absolute confidence in the persons they may have working with them as stenographers, for example, and that hon. members in other parts of the house and belonging to other groups should have equal confidence in those who are performing sessional services for them. Certainly members of the administration and their following should have that confidence. I do not think any hon. member would feel that the privileges of the house were in any way being infringed if observance along those lines were taken in the employment of temporary clerks and others for sessional purposes. Indeed, if that were not done, I can see where there might be considerable embarrassment to members generally.

My right hon. friend has inquired as to the best course to pursue. This is a difficult stage of the session at which finally to determine some of these matters. If the committees of the house were constituted, I would suggest that, immediately, there be a reference to the committee on privileges with respect to what is or should be the proper procedure to follow regarding the retention and dismissal of employees of the House of Commons when a change of government has taken place. The reference could be extended, if desired, to include the practice followed in past years. The inquiry could serve to furnish guidance not only to the administration holding office but also to administrations which may follow in subsequent years. The committees of the house, however, have not yet been constituted.

There is this further embarrassing feature, that as yet the house has not appointed a deputy speaker. As a result, His Honour the Speaker is in the embarrassing position of having to preside over a discussion which may take place between my right hon. friend and myself or between hon. members on this side of the house and hon. members opposite relating to his own action in this matter. I should think it most unfortunate if His Honour were obliged to preside over a debate or discussion of the kind. If a deputy speaker had been appointed, I would suggest that the deputy speaker take the chair and permit debate of any length necessary.

Having given the matter some thought, I would suggest to my right hon. friend and hon. members—and I hope they will concur, that, when the house is properly organized, the different committees constituted, and the deputy speaker appointed, a motion might be made to refer to the committee on privileges the question as to the right and proper procedure to be adopted with respect to the retention or dismissal of employees of the House of Commons. I would expect that on that committee hon. members from all parts of the house would have representation. A report from the committee might then be made to the house, at which time we might have such discussion as may be necessary thereon. In considering the matter I think it would be proper for the committee to consider fully what was done after the change of government in 1930 and also all that has been done since the change of government last year. I believe that would be the most effective way of dealing with the matter, and one which would best serve to preserve the privileges of the house.

Mr. BENNETT: I must entirely disagree with the construction placed by the right hon. gentleman on sections 21 and 22 of chapter 145 of our statutes. If he had been trained perhaps in the practice of the law as he has been in the theory, he would have observed that section 22 does not apply to other than officers, clerks and messengers of the house. They must take the oath of allegiance. Section 21, to which I have referred, refers to the following persons: Clerk, officer, messenger or other person attendant on the House of Commons. The distinction is so clear that it is not necessary to do more than direct attention to it to see what the obvious inference is.

But further, the right hon. gentleman has failed to observe that it is with respect to those officials appointed by the crown that the report is made to the governor general. Page boys, the char service, persons appointed for the session, stenographers—all these come within the powers specially granted by the statute to the Speaker himself, it being provided that if they are appointed by the crown the Speaker may himself suspend or remove them if they are guilty of misconduct, and if appointed by him he may suspend or dismiss them after inquiry. No one in this house has suggested at any time, so far as I know, that what is called the sessional staff, stenographers, messengers or page boys, and

so forth, should not be employed by the government under such conditions as the government of the day may think desirable, exercising either a broad and generous attitude or a narrow partisan attitude towards the matter, as may be thought desirable. I said the other day that I am not questioning that that has been done and will continue to be done, I suppose, long after we have vanished from the scene. But the point at the moment is that the statute makes provision as to how those who are permanent shall be dealt with. The word "permanent" has two meanings. In the civil service the word "permanent" means one who comes under the civil service establishment, and cannot be removed from office except for cause. The temporary staff is a staff that does not fall within that category. But those who were dismissed this morning and yesterday were, many of them, men who had been here for years and who, if they were not removed, would continue to be here during the rest of their lives. One of them came here I believe in November, 1930, and has been here ever since. Another has been here since 1931, and there are some in exactly the same position in the char service who were appointed by my right hon. friend.

Some hon. MEMBERS: No.

Mr. BENNETT: Oh yes, in exactly the same position. That is, they were appointed by the government of the day, and they went on and are going on to-day, to-morrow and the next day. Those I refer to in the char service and messenger service, and doorkeepers, have been drawing I believe, some of them, $60 for two weeks' work, others lesser amounts, and some have been paid by the day a certain sum for six days' work in the week.

There is a clear distinction between the permanent staff of this house and those who come here for sessional duties. I agree with the right hon. gentleman that stenographers are in the latter class; they are sessional employees only. That is also true of the page boys and of many other employees of the house. But there is a year to year service to which the right hon. gentleman has referred in which the employees will go on from now until they cease by death or otherwise to carry on their duties, unless they are removed by the Speaker. The only point I am making is that they have a right to know why they are removed. The statute says so. The distinction is made clear between the two classes.

I do agree with the right hon. gentleman that it is not perhaps in the interests of the position that parliament should occupy that we should discuss the action of the Speaker at this moment, because we have not the papers before us. In 1888, however, the Speaker did table the papers, and I suggest that the papers should be tabled to-morrow. The right hon. gentleman is in error in assuming that the matter could not be dealt with before the committees are appointed because as a matter of fact, that is exactly what happened in 1888. When Sir Wilfrid Laurier brought the matter to the attention of the house the standing committees had not been appointed; in fact, the day before, Sir John Macdonald had made his motion that a select committee be named for the purpose of striking the standing committees. So the house was in exactly the position then as it is now; the committees had not been set up.

But I think what the right hon. gentleman has said about the method of dealing with the matter is not unsound, and if the Speaker will table the papers, which means that he will table, (a) the notices of dismissal that he had sent out by the sergeant-at-arms before the Speaker assumed office, and, (b) the notices that were sent out yesterday as to the dismissal of those who have been dismissed, with their names and the positions they occupied, I think that every end will be served. There are two things to keep in mind: first, that no injustice be done to people who have been serving this country in the various capacities I have named, and, secondly, that the privileges of parliament as provided by statute must not be, shall I say, violated.

If the Speaker will file the papers as the Speaker did in 1888, I think the suggestion of the right hon. gentleman that in due season we can name a committee to deal with the matter will be entirely satisfactory; for then we shall have before us, not information which may or may not be entirely accurate—and as I said at the outset I am not undertaking to guarantee that the information I have received is accurate, although I believe it to be accurate, that men have been dismissed; but we shall have the facts before us.

The right hon. gentleman says that certain people have not taken the oath of allegiance. I think it would be very strange if they had, because the statute names only three classes, the clerk, the messengers and the other class I named.

Mr. MACKENZIE KING: Officers.

Mr. DUNNING: And messengers.

Mr. BENNETT: Yes, messengers, as I mentioned. But section 21 dealing with dis-

missals covers all those who are attendant on the House of Commons, meaning, I take it, all those who go on from year to year. The test would be this: How many of those men dismissed to-day or yesterday would have remained on had it not been for a change of administration? Were any of them guilty of misconduct? Were they proper persons to discharge the duties which they were fulfilling? —one a doorkeeper, another a charman, and so on. If the answers to these questions are satisfactorily given I think the matter can be readily disposed of. I do not think the position taken by the right hon. gentleman is an unfair one, and if as I say the Speaker will follow the practice that was followed by the Speaker in 1888—he was a Conservative Speaker—Sir Wilfrid Laurier was not at that time a Conservative, however much he may have been in his later days—

Mr. MACKENZIE KING: He was never a Tory.

Mr. BENNETT: Then later we can deal with the matter in the light of the documents we shall have before us, and know what charges, if any, have been made against the persons who have been dismissed.

Mr. MACKENZIE KING: Mr. Speaker, I have no desire to add anything further to the discussion, nor for that matter to shut it off in any way. I hope hon. members will feel free to express their minds on this question, but I would like to point out to the house that, if the house will follow the course that I suggest, we may avoid the kind of difficulty that I see we are getting into. My right hon. friend was out of order when he spoke the second time, and I am out of order now.

Mr. BENNETT: No, no, not on a question of privilege.

Mr. MACKENZIE KING: I am out of order now. It is impossible to have the question settled except by reference to His Honour the Speaker. If His Honour were appealed to in regard to my right hon. friend being out of order, my right hon. friend might not view the ruling in the same light as other hon. members of the house. I do think that what I have suggested is the best way of dealing with this matter. It is the fair, the open and aboveboard method to pursue, not only as a guide to the house during this parliament but the best way to be of service as well to subsequent parliaments.

As to the laying of any papers on the table, I feel that a motion is required for that purpose which would give hon. members the opportunity of amending what is proposed by adding to, or subtracting from the motion or accepting it as presented. All papers that are necessary and all information that is desired can be placed before the committee on privileges under the reference that will be made. If the reference is not broad enough when it is submitted by the administration, and if it appeals to the house as being desirable to make it any broader, I give every assurance that the desires of the house will be acceded to.

Mr. BENNETT: It will be necessary for me to move for papers.

Mr. MACKENZIE KING: My right hon. friend may move for papers, but—

Mr. BENNETT: Quite the opposite course was taken under Sir Wilfrid.

Mr. MACKENZIE KING: We will have to add to his motion the request that all papers, including papers covering dismissals made at the time my right hon. friend was in office, shall be brought down and tabled at the same time.

Mr. BENNETT: Sir Wilfrid said that that was entirely beside the question.

Mr. MACKENZIE KING: My right hon. friend need not think that anything that affects his administration is going to be beside this question, because what has been done up to the present does not begin to touch what my right hon. friend did in this regard when he was in office. If I can, I want to avoid recriminations of any kind over these matters. I am taking a step which I think will appeal to all reasonable members of the House of Commons.

Mr. LENNARD: I should like that information to include the number of ex-service men who have been dismissed since the beginning of this session.

OLYMPIC GAMES

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to address a question to the head of the government, an old cricketer and sportsman. This relates to a series of articles which have appeared in the papers. There has been some very bad advertising of Canada at the Olympic games by a Mr. Gilroy who says he is a representative of the government of Canada and will withdraw his team if he does not get his way there. I should like to quote shortly from the head-

lines in this morning's Ottawa Journal, as follows:

Canada Ready Quit Olympic Hockey Games
Claim Playoff System Will Put Team at Disadvantage
New Bombshell Hits Tournament
Maple Leaf Squad Will Withdraw Unless Rule is Rescinded

Some weeks ago this gentleman referred to the sportsmen of England in a manner far from complimentary saying that this sport in England was a "racket." His late majesty was the greatest sportsman in the world and this row comes at a bad time and shows poor judgment in a time of mourning. This government has appropriated $10,000 for these games and if they are to cause bad relations internationally, if they are to be bad advertising for Canada, I think something should be done. I ask the head of the government to have an investigation made of this matter. There are rows before they leave, rows when they get over there and there will be probably rows when they come back, after these games are over.

Mr. SPEAKER: I ask the hon. member to come to the point and put his question.

Mr. CHURCH: There was no need of your interruption, Mr. Speaker. I had to lay a foundation for the question. I think something should be done to stop this bad advertising. With the unsettled state of Europe these Olympic games as conducted create bad international feeling. The reference of Mr. Gilroy about British sport was in bad taste at a time of mourning for his late majesty, and bad advertising for Canada. These votes should be confined to British empire games.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I shall have to look up Hansard before I can give my hon. friend an accurate answer. As I understand him, he is taking exception to someone at the Olympic games claiming to be a representative of Canada. People all over the world are only too ready to be that, and many are fond of expressing themselves in those terms. May I say to my hon. friend that if the one he has referred to is a representative of the government, he must have been so appointed by the previous administration. I think it is very doubtful that anyone participating in the Olympic games is a representative of the government of this country. Whether it is wise to vote money for the purpose of these games, or how such money should be voted, are matters that will come up for consideration should a like estimate be again before us. Such money as has been appropriated for the purpose mentioned by my hon. friend was appropriated before the present administration came into office and was recommended by the government of which he was a supporter.

Mr. CHURCH: The Prime Minister (Mr. Mackenzie King) has pacified Europe; he ought to be able to pacify the Canadian Amateur Hockey Association.

PENITENTIARIES COMMISSION

On the orders of the day:

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I should like to ask the Minister of Justice (Mr. Lapointe) when he expects to be able to announce the personnel of the royal commission which he purposes setting up to make an investigation and study of penal affairs.

Hon. ERNEST LAPOINTE (Minister of Justice): I believe I shall be able to announce the personnel of that commission in a very few days.

GOVERNOR GENERAL'S SPEECH

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Wednesday, February 12, consideration of the motion of Mr. A. G. Slaght for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the proposed amendment thereto of Mr. Woodsworth.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, when the house adjourned yesterday evening at six o'clock I was referring to some of the tactics employed by the Liberal party in British Columbia during the election campaign. I had not intended to bring this matter to the attention of the house until I heard the Minister of Justice (Mr. Lapointe) complain about what had been done in Quebec. I then came to the conclusion that if it was a bad thing for Conservatives to appeal to racial and religious prejudices in the province of Quebec, it was an equally bad thing for Liberals to do the same thing in the province of British Columbia, and consequently it ought to be brought to the attention of the house. In that connection I was quoting from an article by Professor H. F. Angus of the university of British Columbia which appeared in the Canadian Forum. I shall not dwell on that subject much longer, but I should like to make one short quotation from this article. Professor Angus in this article stated two suppositions upon which it was possible to ex-

plain this appeal to race prejudice, and he then stated:

> If this is the explanation of the novel trend of liberalism, it is possible to argue that it was justified by results from the standpoint of the party. For Mr. King's right bower—

He was referring to the Minister of National Defence (Mr. Mackenzie)—

> —was elected by a majority narrow enough to be interpreted as consisting of people who have morbid sensibilities where orientals are concerned. And yet, with all respect for the winning card, one may grudge the price that was paid.

I agree with that statement. If we cannot win elections, if we cannot make our voices heard in this country without appealing to racial and religious prejudices, then the price is too great as far as I am concerned.

I wish to make a few references to the speech from the throne. It does not contain a great deal that one can deal with definitely at this time, and I would say that if that large section of the electorate that voted for the Liberal candidates at the last election can find in the speech from the throne any justification for their vote, then they are not asking for very much.

The speech tells us something which of course we knew already—that unemployment continues to be Canada's most urgent problem. We all agree with that; but it gives no indication whatever of any immediate, or for that matter prospective, solution of that problem. Referring to the unemployment relief camps, I am glad that the government is taking steps to transfer them from the Department of National Defence to the Department of Labour. I do not know that it will make any great difference, though it may do away with any suggestion of the militarization of the camps. What the men in the camps are complaining about is not so much that the camps are under this or that department, as that they are compelled to stay in these camps without any hope for the future; and merely transferring the camps to the Department of Labour will not obviate that objection.

I was wondering why the government did not put the unemployment relief camps under the Minister of Finance rather than under the Minister of Labour. The Minister of Labour is a university man, and as far as I know he has had no experience in dealing with the unemployed. I understand, however, that the Minister of Finance has been in charge of a camp for unemployed at Lucerne, Quebec, for the last five years, and because of that he would possibly be the person best fitted to take care of unemployment. There might be this difficulty, however, that if those with whom he would be dealing under the new conditions received the same consideration from society as those with whom he has come in contact during the last five years, they would not be satisfied to go back to the old conditions under which they have lived during these years.

The other morning in my mail I received two communications, and it was these that suggested to me the fitness of the Minister of Finance to look after the unemployed. The first communication was a letter from an old gentleman in the interior of Brtitish Columbia. His shaky handwriting was an indication of his age. He was complaining of having to live on $9 a month, which he was receiving in relief, and he referred to the items of diet on which he had to subsist—flour, rice, bacon and beans, a few prunes and tea and coffee. In the same mail I received the magazine of the Seigniory Club, a beautifully got up little publication, the best quality paper, a fine design on the cover, photographic illustrations of the very best; and I read in that magazine the qualifications for membership in the club. "Subject to social and racial restrictions"—this will appeal to my friends from British Columbia—membership in the club can be had, and it carries with it the privilege of hunting and fishing; whereas membership in other clubs that I have been referring to, the unemployment camps, carries with it the privilege of working for twenty cents a day. There is some difference. Life membership in the Seigniory Club costs only $2,000, the ordinary membership being $250 for initiation and $125 annually.

I looked up the relief allowance in Vancouver and this is what I found. If you take the total in relief allowed for a man and wife for one year, for food, clothing and shelter, at the end of the year they will have received $1 short of the amount necessary to buy a year's membership in the Seigniory club. A little further on in the same magazine I have mentioned I read the following:

> Nature in the raw this winter in the Seigniory Club forest will be a little less raw than usual, thanks to the distribution of several hundred pounds of bean and molasses cakes. The young deer get their proper number of vitamins from these, and then when normal feed has grown scarce and the snow is so deep they cannot labour through it, the guides and rangers cut brush and lay it on the trail so they can get it without difficulty.

The man who wrote to me about the difficulty of carrying on on $9 a month pointed out that he was not allowed any sugar. There was no thought taken of vitamins as far as he

was concerned, and there is very little thought taken for the 1,200,000 people who are on relief in Canada at the present time—no thought as to whether or not they have the proper amount of vitamins. It is much better to be a deer in the forest of the Seigniory Club than a Canadian on relief in this country, because the one receives some consideration while the other gets very little.

I do not think I can be accused of wrongly interpreting the policy of the government when I say that its hope of bringing about an improvement in Canadian conditions is based largely on the extension of our foreign trade. The following reference in the speech from the throne leads me to that conclusion:

> Every effort will be made to close the camps altogether at as early a date as expanding employment opportunities permit.

It seems to me that if the men in the relief camps are to remain there until expanding production is brought about by an extension of foreign trade, their hope of getting away from the camps in the near future, or indeed in the distant future, is very remote.

Having touched on the question of trade, I will now take such little time as is left to me to deal further with that question, a question about which I believe there is a great deal of confusion at the present time. I am going to make a statement that to many members of this house may seem strange. I am not only going to make that statement; I also think I can prove it. The statement is this: Under our present capitalist system an extension of trade, or increased trade, will ultimately lead to a reduction in trade. That may seem a contradiction, but capitalism is full of contradictions, and, as was pointed out by the hon. member for Winnipeg North Centre (Mr. Woodsworth) the other day, these contradictions are becoming very apparent at the present time.

If we look over the history of the past hundred years, the development of trade and commerce, we find that there is hardly a nation on earth that has not increased its trade during that time. Indeed the last hundred years has been an era of universal trade expansion, and it goes without saying that this trade expansion has been universally beneficial. The question may be asked as to why this trade expansion cannot continue indefinitely. We might as well ask why a man cannot continue to grow in stature after he has reached maturity. Trade cannot continue to increase because through the extension of trade every country has become provided with the means that will make it more and more self sufficient. Whether or not there is a definite purpose there is a definite result which follows the trade expansion of the last hundred years; as I said a moment ago the effect of that has been to make the nations of the world more and more self sufficient in the matter of production. Following that I may say that what we are pleased to term "economic nationalism" is just as natural in the development of the nations of the world to-day as stiff joints are in old men. It is merely an effort on the part of the nations of the world, in an era of declining trade, to protect themselves, and whether we like it or not it will go on until we change our system of production and distribution.

Now let me give you an example of the development of trade, trade as we know it to-day, trade under the capitalist system, and when we refer to the capitalist system we have in mind that period beginning with the use of motive power to drive machinery. That form of production was first used in Great Britain towards the end of the eighteenth century, and I think it is correct to say that the textile industry was the first industry to be highly developed under the new method. That industry in Great Britain increased immensely from 1776 to 1913. We find that in the latter year the exports of British cotton reached the very large total of 7,075,000,000 yards. Sixteen years later, however, in 1929, British exports of cotton goods shrank to 3,765,000,000 yards, a decrease of 47 per cent. Coming down a little later, to 1933, we find the decrease still going on, with the exports of that year not up to the three billion yard mark.

What is the reason for this shrinkage in British exports of cotton goods? There is only one answer; it is that Great Britain not only exported cotton goods during that period; she also exported the machinery used to manufacture cotton goods, and that machinery was sent to those countries which formerly bought British cotton goods. As a result these countries are now able to manufacture their own cotton goods to supply their own markets. More than that, they are now competitors with Great Britain for a share of the foreign market still available, and this foreign market will continue to diminish—

Mr. SPEAKER: Order. I am sorry to have to interrupt the hon. gentleman, but I think his time is up.

Mr. MacINNIS: I will finish this sentence, with the consent of the chair. This foreign market will continue to diminish as each country in turn becomes equipped to supply its own needs. No more need be said except

that what has happened in regard to cotton has happened in regard to a great many other things as well.

Mr. P. J. ROWE (Athabaska): Mr. Speaker, it has been suggested by the social credit party, meeting in caucus, that I make the following statement, which correctly expresses the position we take with regard to the speech from the throne:

> We believe the time for cooperation has come, and we are supporting the motion because the speech from the throne indicates many great reforms, although it does not contain, in our estimation, an adequate and permanent solution to our economic ills.

I have a few things in mind which I feel should be said at this time. I conceive parliament to be a committee of citizens appointed and paid by the people to transact public business and promote and safeguard the welfare of the people of this country. If parliament continues to do that it merits the support of the electorate. When it ceases to do that it should be removed from office with the same unconcern as that with which a farmer would scrap a rusty plough that had ceased to serve.

I believe, Mr. Speaker, that the supreme task confronting this parliament and this country at the present time is the winning of industrial democracy. As a member of the Anglo-Saxon race I am glad that after a thousand years of struggle for political democracy we are in a far happier position than some of the other nations of the world. But political democracy, unless it is accompanied by industrial democracy—which means the right of all the people to share in the abundance of the earth—is a mere shell, formless and meaningless.

I want to refer to the passing of His Majesty King George V; I want to refer to the man and his identification of himself with human problems. My leader, the hon. member for Lethbridge (Mr. Blackmore) quoted the other day these words from his late majesty's address on the occasion of the imperial economic conference in London in 1932:

> It cannot be beyond the power of man so to use the vast resources of the world as to ensure the material progress of civilization.

You will notice that he did not say, to ensure the progress of the Bank of England, or the Bank of Montreal; he said "civilization."

> No diminution in these resources has taken place. On the contrary, discovery, invention and organization have multiplied their possibilities to such an extent that abundance of production has itself created new problems.

[Mr. MacInnis.]

Now, Mr. Speaker, what manner of man is this who, while a king, can yet espouse the cause of the common people throughout the world? I thought during the days of official mourning here the king would expect something more than black draperies and expressions of sorrow; he would expect the people of his empire to remember his words and to act upon them. And it may be—who can tell—that somewhere within the shoreless vast of this universe he may be looking down upon us now from the luminous slopes of the stars, saying to us, in the words that the psalmist might have used, How long, O Lord, will men continue to pay lip homage and forget humanity; humanity and its struggle forward to a higher plane, a state of peace?

I wish to say a word or two about the situation confronting this parliament, indeed confronting all the peoples of the world. George Bernard Shaw in one of his recent plays says that the other planets use this world for a lunatic asylum. Thousands of years ago our ancestors, who lived precariously on the thin edge of starvation, often died because there was not enought to eat. If we could by some process of reincarnation bring back to this vale of tears some of those luckless progenitors of ours and let them see the spectacle of millions of men and women cold, hungry and miserable in the presence of huge piles of food and clothing, what conclusion could they reach other than that we are all crazy? The difference, I suppose he would say, is this, that in the ordinary lunatic asylum the inmates only are supposed to be crazy, but in this one the keepers as well are crazy.

I think there is a general recognition of the fact that the remedies proposed at the present time are not only unworkable, but, to use the words of the Right Hon. Arthur Meighen, leader of the Conservative party in the Senate, are archaic palliatives. I will quote Mr. Meighen's own words:

> But the naked and unassailable truth, which only stupidity can prevent anyone from seeing, is that if the United States were to be brought back to-morrow to the peak production of 1929, a production which the world utterly failed to consume or to purchase, there would remain in that country no fewer than six and probably eight millions of unemployed, representing virtually one-third of its whole earning population. What is true there is true in other lands, but the enigma is greater and perhaps the lesson ought to be clearer when one looks upon the situation as a phenomenon of the United States. That is essentially an immensely wealthy country, the greatest self contained country in the world. If it were a planet it would not need to trade with any other planet in order to multiply the wealth of man. It produces either all that mankind

needs or effective substitutes therefor, and if it could devise a plan for putting to work those millions who are now unemployed it would be a happy land. When we see that country struggling in the throes of one of the most terrible depressions that any nation has ever had to face, when we see its people in such desperate straits that even the people of old England are prosperous in comparison, we are forced to think that something further is needed than mere amendments to tariffs and the holding of international conferences, or the trying of other and somewhat archaic medicines that have been applied to the body politic in the past.

I believe, sir, it is an easily demonstrable fact that the Dominion of Canada, perhaps the most richly endowed with vital natural resources of any land on earth, is not only capable of supporting its present population of eleven millions, and giving to them everything in the shape of food, clothing, shelter and cultural opportunities, but could support a population of probably five times that number. That statement I think cannot be challenged. Yet what do we find? We have unemployment, we have the dole, that humiliating and degrading thing, a blot on civilization. Here I should like to quote the words of our present king. When Prince of Wales, visiting the coal mines in Wales, he used these words; they were quoted by my leader the other day, but they will bear repetition:

> What a ghastly mess it all is! It makes me positively sick. What is the cause of all this? It cannot go on, it is a blot on England.

Those are the words of His Majesty the King of England. I can only say again that there is a general recognition of the fact that these contradictions are inherent in the system, as the speaker who preceded me said, and it is the work of this parliament to give constructive leadership in the solution of these and related problems.

I should like to refer to something that hon. members in this chamber, surrounded by comfort, everything that exalts and embellishes our civilized life, sitting in this comfortable room with messengers and servants, warmth and brightness, might be tempted to forget. There is a statement which I feel it my duty to make. I say more in sorrow than in anger that while the debate was proceeding yesterday, while the hon. member for Weyburn (Mr. Douglas) was describing some of the awful and pathetic conditions which prevailed among the poor people of the west, victims of this failure by the leaders of men to solve our problems, some hon. members in the chamber seemed to think that those conditions were a joke. I wonder if they have not forgotten the people who pay, or try to pay the taxes, who pay for the building and protection we enjoy, who have made every sacrifice, who have contributed to this country and its development and are now being left destitute.

I have thought it wise to place on Hansard some observations of the Hon. Senator Pascal Poirier, now deceased, but whom some hon. members in this chamber may have known. He said:

> As a result of these conferences our economic situation will very likely be improved. Improved, but not healed. The dreaded cancer will remain. Something must be found which will extirpate it, and this with no long delay, for the cancer grows alarmingly.
>
> The murmur that reaches parliament from the streets is now subdued, for things have not come to a crisis, and the dole appeases the hunger of the multitude. But when the public treasury is exhausted and the dole is no longer forthcoming that murmur will change into a malediction. Hearken to the suppressed rumble! It comes from gatherings of unemployed from Victoria to Sydney, from prisons like Portsmouth, St. Vincent de Paul, Dorchester, from everywhere. And what will happen, what can happen, if the rabble, so-called, run amuck and break all restraints?
>
> Remember what happened in France during the revolution of 1793. Look at what happened in Portugal not so long ago. Look at what is happening to-day in Russia, in Spain, in Mexico. The Czar of all the Russias, the grandees of Spain and Portugal, the clergy of Mexico, once all-powerful, were scattered like dry leaves in a hurricane when the people rose in anger.
>
> All that may be true, but are we, the governing class in democratic Canada, not in a position to quell insurrections? No, my friends, we are not, if lines are drawn and sides taken. Since the granting of manhood and womanhood suffrage, the majority governs, as it did before, but the axis of majority has shifted. There is even no necessity of a revolution in Canada to put the administration down and out. It can be done constitutionally, at the polls. Let all the malcontents unite, it is possible that later on they may secure a majority at the polls. What will happen then? They will climb up and we shall climb down, we senators as well as others. If, to use a vulgar expression, we kick, they will look upon us as disturbers of public peace, as insurgents, as undesirables; and, if they deem it necessary for the preservation of order and good government, they may confiscate our properties and show us the road to exile. Such things have happened elsewhere and are actually happening.
>
> Nothing like this is likely to occur in Canada, because our labouring classes have so far had no grievous charge to lay against their employers; they were never oppressed or wronged by them, and they, as much as we, favour the continuation of the present political regime. But let discontent grow, let the number of unemployed increase to dangerous proportions, let a crisis come, and no one can tell what may happen.

Those are not the words of an agitator, but those of a former member of the Senate of Canada.

I have one or two observations to make concerning the international situation of the League of Nations. As was stated a few days ago by the hon. member for Weyburn, the League of Nations is an organization of about fifty nations banded together to create among nations a state of law and order where formerly international anarchy had prevailed. As I see it, the league was designed to do for nations what criminal and civil courts were designed to do for individuals. For instance, several hundred years ago the institution of duelling was outlawed, and through the establishment of courts disputes arising betwen individuals were taken before an impartial tribunal and there, in the calm light of judicial detachment, were adjudicated upon. Passions were quelled; a judge would rule one man right and the other wrong, or partly so. But the institution of duelling which because it resulted in brutal killings and great injustice had been outlawed by the conscience of mankind was not a success for many years. We have record of many duels being fought after the practice was legally outlawed. Many thousands of years ago, before the dawn of civilization, tribes resorted to mass murder in order to settle disputes arising among them. The conscience of mankind crystallized in the League of Nations, a tribunal set up to restore order out of anarchy and to afford an opportunity to hear the voices of the smaller nations.

We cannot expect the League of Nations to be anything but a reflection of the institutions of nations composing it; it would not be reasonable to expect more. Therefore, while predatory individuals abused the courts we now find nations abusing the League of Nations to further selfish interests which certain small groups within those nations are trying to serve. The hon. member for Weyburn (Mr. Douglas) made some observations about the Anglo-Persian Oil Company furnishing oil to Italian troops. While we endorse the idea of the League of Nations and believe it is the only hope of mankind for preventing war in the future, we deprecate the tendency on the part of certain nations to allow predatory or unscrupulous groups of interests within those nations to use the league for any such purposes, and our policy would be to strengthen the league by every possible means and to insist upon an impartial imposition of economic sanctions. I would like to commend the government for the stand it took in what conceivably was a very dangerous situation, which might have resulted, as the Prime Minister (Mr. Mackenzie King) said the other day, in a European conflagration which would have involved us all. We want to remember that the situation in Europe is largely the result of our own failures in the past, of our failures and the failures of diplomacy in general.

I think it could not be challenged with regard to war that the spectre of all the great wars in history will rise up in the day of judgment and point an accusing finger at the leaders of men, because it has been through their stupidity and ineptitude that the common people have been led to the shambles. The failure to recognize the equal worth of other peoples and nations, the failure to recognize the inalienable right of every nation to access to raw materials with which to build a civilization commensurate with our own, is one of the efficient causes of war. The balance of power is a political cause of war, because once any nation, actuated by whatever motives of self defence, assumes a position of superiority or desires to dominate, it is immediately challenged by every other nation and then we have an armament race. What is at the back of it? Simply this: We have here a country that is able to support fifty million people. It is not supporting eleven million people, and yet we are shipping out of this country our vital natural resources in the form of finished goods in a mad scramble for markets that do not exist. Then collisions occur between the nations, and then sometimes we are asked to go out and shed our blood. The system itself is the cause of this.

President Wilson said in St. Louis just before he died, and I do not think anyone here who has studied economics and the economic causes of war would disagree:

> Is there a man or woman, is there a child in this audience, who does not know that the seeds of war are sown in hot, successful commercial rivalry?

Then it has been found necesary to plunge the world into war as a result of the failure of the system, and the common people are led to the shambles because the leaders of men have not been able to formulate an intelligent policy for producing and distributing the wealth of the world.

What will our policy be? I would like to suggest one or two things, and may I say that I am here with an open mind, anxious to cooperate and to offer some suggestions to the government. As I came through Calgary on my way down here I picked up a copy of the Calgary Herald and read a report of an address to the Canadian Club given by Doctor Kerby, principal of the Mount Royal College, Calgary and I think this will be of interest to the right hon.

leader of the opposition because I noticed that he introduced the speaker. This is what Doctor Kerby says about our foreign policy:

Canada will come into a foremost place among the nations of the world not because of her unparalleled scenic beauty, her vast extent of territory, or her inexhaustible natural resources, but by virtue of the thought-power of her people and their leaders.

The hope of Canada lies in the quality of its life, the ability of the people to assimilate new ideals and standards, and to incorporate them into our national life.

It lies also in a national ideal—not founded upon wealth, or military power, but upon a broad concept of human helpfulness and human service, based on humanity and Christianity. There is no security for the nation, outside of goodwill; there is no impregnable fortress except brotherhood, no invincible armament except service and no prevailing diplomacy except the truth.

I submit that that is a sound basis for our foreign policy. I want to quote also from Victor Hugo's presidential address at the peace conference in 1849. He said:

A day will come when you, France—you, Russia—you, Italy—you, England—you, Germany—all of you nations of the continent—shall, without losing your distinctive qualities and your glorious individuality, blend in a higher unity and form a European fraternity, even as Normandy, Brittany, Burgundy, Lorraine, Alsace, all the French provinces, have become blended.

A day will come when war shall seem as absurd and impossible between Paris and London, betwen St. Petersburg and Berlin, as between Rouen and Amiens, between Boston and Philadelphia. A day will come when bullets and bombs shall be replaced by ballots by the universal suffrage of the people, by the sacred arbitrament of a great sovereign senate, which shall be to Europe what the parliament is to England, what the diet is to Germany, what the legislative assembly is to France.

A day will come when a cannon ball shall be exhibited in our museums as an instrument of torture is now, and men shall marvel that such things could be. A day will come when shall be seen those two immense groups, the United States of America and the United States of Europe, in face of each other, extending hand to hand over the ocean, exchanging their products, their commerce, their industry, their arts, their genius—clearing the earth, colonizing deserts, and ameliorating creation, under the eye of the Creator.

Well, the twentieth century is here, and I wonder if we in this parliament by the policies we initiate shall see the fulfilment of that prophecy uttered one hundred years ago. If it is true, and I believe it is true and is accepted by the leaders of this government and by everyone who thinks seriously about a solution of this problem, that the methods that are now proposed cannot solve it, why do we not change those methods? Why do we not dispassionately and detachedly study this problem? Why adopt the procrustean method of reasoning, chopping off the feet of theories that do not fit the facts and stretching out theories that do not fit the facts? Why not adopt the method of inductive reasoning, analysing the facts before us as a scientist would and reaching a conclusion after an examination of the facts? We try to find an open mind on this question, a mind that has striven conscientiously to rid itself of prepossessions and prejudices and to understand the elements of good in every one of these conflicting economic and political philosophies before commencing destructive criticism. At least a man should learn from experience. We have not got that mind. Perhaps I should put on Hansard a little poem which may throw some light on the reason why we change so slowly. It reads:

Said Life Force to Amoeba,
As she wiggled in the tide:
"It's time you're evoluting,
So get busy and divide."
But Amoeba, from Tradition,
Argued it is plain to view
Where there's been one organism
There can't suddenly be two!
But there were.

Said Changed Environment to Amphibian,
As he floated o'er the sand:
"You'll have to change your habits,
Go bone-dry and live on land."
Wet Amphibian, by Zoology,
Law of Fittest-To-Survive,
Demonstrated out of water
He just couldn't keep alive!
But he did.

Said Instinct to the Anthropoid,
"If you're to slug and roar,
It's time you learned to balance
On two feet instead of four."
Mr. Anthro proved by Physics
That if he should leave his rut,
He'd lose his equilibrium
And bump his cocoanut!
But he didn't.

Said Experience to the Cave Man,
"This rough stuff's going flat;
You'll have to rule your roost and clan
By subtler means than that."
The Cave Man cited Nature's Law
To prove he'd be a dub
For flabby Law—and Order
To scrap his solid club!
But he did.

Said Intellect to Modern Man,
"You settle this affair
Of stab and starve and slaughter,
Or you'll soon be rather rare."
Said wise, sophisticated Modern Man,
"It's up to me to die;
Old ways are suicidal,
And new ways I will not try!"
But he will.

We often hear the slogan: In time of peace prepare for war. I suggest that we change that slogan to read: In time of peace establish peace so firmly that it can never be success-

fully attacked again. I think of the founder of Christianity standing on the hill overlooking Jerusalem and uttering these words: "O Jerusalem, Jerusalem, which killest the prophets, and stonest them that are sent unto thee. If thou hadst known, even thou, in this thy day, the things which belong unto thy peace!" That is the question, the things that belong unto peace.

I have only a minute or two left and I should like to place on Hansard an item which appeared in the Review of Reviews entitled Can Britannia Rule the Waves? I make reference to this article because of the Japanese. Yesterday in Ottawa we met a gentleman from China and he suggested that we should do something to revert the status of Manchukuo so that it would not longer be recognized as a nation among nations. We must remember that when Admiral Perry blasted open the harbour of Tokyo in 1852 he put into the hands of the Japanese the instruments of modern warfare. The Japanese people have been watching the history and the movements of some of the other great nations in the west and they proceeded to build up a civilization founded upon force. Within the last few months the Japanese have overrun China and have subjugated about three-quarters of it politically. There is nothing to prevent Japan from training an army of fifty million in China and knocking at the gates of Europe within the next twenty years, fighting under the slogan of "The white man out of Asia."

I suggest, with Dr. Kerby, the writer of the article which I quoted, that there is no safe diplomacy but the truth. There is no impregnable fortress but good will. I quote from the article in the Review of Reviews as follows:

> At four o'clock on the morning of October 17, 1935, Premier Laval, in Paris, got Mussolini on the 'phone and asked for the best Italian terms. Mussolini replied that if the British did not change the dispositions of their fleet within twenty-four hours, Italy would attack the seventeen British war vessels lying in Alexandria bay.

Mr. SPEAKER: I am sorry to have to interrupt the hon. member, but his time has elapsed.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I had not intended to speak on the address, but considerable has been said about wheat, and after listening to the Minister of Trade and Commerce (Mr. Euler) I think it is right and proper that I should make a few observations.

First, I should like to congratulate the mover (Mr. Slaght) and the seconder (Mr. Fournier, Maisonneuve) of the address upon the spendid manner in which they acquitted themselves in making their first speeches in this chamber. Many important questions mentioned in the speech from the throne have been discussed already and I shall not give any time to these matters, paying more attention to the question of wheat. An opportunity will be presented later to deal with these other matters when they come before the house in due course.

I should like to clear up one misunderstanding. The charge has been made on two occasions, first by the Prime Minister (Mr. Mackenzie King) and then yesterday by the Minister of Trade and Commerce, that the Conservative party was responsible for interjecting the wheat question into the Assiniboia by-election. I think it is well known that the leader of the opposition (Mr. Bennett) was either in California or on the sea at that time. He was not in Canada. As the only Conservative member from Saskatchewan, I can assure the house that I never discussed that by-election with him at all. I admit that Mr. Turnbull of Regina and myself took some little part in it, but the first appearance I made was on January 2. The records and reports of the speeches made by the Minister of Agriculture (Mr. Gardiner) will show that during the last week in December, and even at his nomination, he referred to the wheat question in addresses he made. At every address he made he referred to the wheat board and criticized Mr. McFarland and his operations. The wheat question was interjected into that campaign by the hon. gentleman himself.

Mr. GARDINER: Mr. Speaker, on a point of order—I should like to make this correction. I did not discuss the wheat question or Mr. McFarland at my nomination convention.

Mr. PERLEY (Qu'Appelle): The reports show that the hon. member discussed it on many other occasions, and I shall probably refer to them later. The point I wish to make is that the wheat question was being discussed in that campaign long before I got there. I did not get there until January 2. I was in Winnipeg during Christmas week and arrived home on December 29. I found awaiting me there letters from all parts of Saskatchewan protesting against the action of the wheat committee of the cabinet in dismissing the advisory committee of the wheat board. I had telephone messages from different parts of Assiniboia; I heard from Manor, Arcola, Kipling and other places. I was told that as I was the only Conservative member from

Saskatchewan it was felt that it was my duty to go down and defend Mr. McFarland, and I went down. I say that neither the Conservative party nor my leader had anything to do with that action. While I was in Winnipeg I gathered some information with respect to what had taken place during the first week or ten days that the new board was in action, and I may have something to say about that later.

There were, of course, many other issues in that campaign, but I will not take time to discuss them. We heard yesterday from the Minister of Trade and Commerce (Mr. Euler) the reasons for the dismissal of the McFarland board. Let me observe that anything I do say with respect to any member of the government is not spoken in a personal sense at all but purely from the point of view of criticism of their policy. I have the greatest respect for the Minister of Trade and Commerce and for other ministers to whom I may refer; I have the greatest respect for them as men, and I am merely criticizing their policy. I think that the country wishes us to criticize in a constructive way anything that calls for criticism, and certainly wheat is the most important problem in the west.

The minister stated that the committee believed that in Great Britain there was growing up a sales resistance. Possibly so; he quoted yesterday from editorials and newspaper clippings to that effect. But let us see what this new commission is; let us see who the persons are that constitute it and what has been their attitude. The new commission is composed of Mr. Murray, Mr. McIvor and Mr. Shaw. As regards the first two mentioned gentlemen, there is no doubt in the world that they have had wide experience in the marketing of grain. I believe they are capable in every way, and if they would direct their attention to marketing in the interests of the farmers they could possibly do a very creditable job. The point I wish to make however is that these three men are on leave of absence from the respective organizations or institutions with which they were formerly employed. They are on leave of absence for ten months or a year. Dean Shaw of the university of Saskatchewan is on leave for ten months. Now this fact I say indicates the policy of the present government towards the wheat board. I wish to direct the attention of hon. members to something which possibly they do not know and which I do not think the public generally is aware of. Bearing in mind the fact I have just mentioned, let us think of the amendment that was proposed by Mr. Ralston on the night of the first of July last, when we met in the railway committee room to put the finishing touches on the bill. The chairman having said, "This is the bill," Mr. Ralston proposed the following amendment which will be found in the records of the committee:

> Mr. Ralston, seconded by Mr. Stewart, moved an amendment to the bill as section 10, namely:
>
> The operations of the board shall not extend beyond the 15th day of August, 1936, except for the purpose of sale and realization of assets, collections, payments and generally for the winding up of the affairs and business of the board.

Compare that with the fact that these men are on leave of absence for ten months and, I submit, it is a fair indication of what the policy of the present government is towards the wheat board and that system of marketing.

Now what about the advisory committee? The farmers of western Canada are protesting very strongly against the dismissal of the advisory committee. The bill provided for a committee of seven, on which there were four representatives of the farmers.

Mr. EULER: Is it not a fact that a former member of the board, Mr. Grant, was also merely given leave of absence to act on the board?

Mr. PERLEY (Qu'Appelle): On the first board?

Mr. EULER: Yes.

Mr. PERLEY (Qu'Appelle): That may be; I am not sure.

Mr. EULER: What does that indicate?

Mr. PERLEY (Qu'Appelle): Well, so far as the policy of the late government is concerned, there is no doubt about that policy with respect to the board and its sale of wheat in western Canada. The farmers now have no representatives; they have been replaced by a committee of the cabinet: the Minister of Trade and Commerce (Mr. Euler), the Minister of Agriculture (Mr. Gardiner), the Minister of Finance (Mr. Dunning), and the Minister of the Interior (Mr. Crerar). These are excellent gentlemen, and two of them have had wide experience in the grain business, the Minister of Finance and the Minister of the Interior; and the Minister of Agriculture has no doubt had considerable experience himself, having held a very important position in Saskatchewan.

I am not at all criticizing the intention of these gentlemen, but I will remind the house of a certain election that was held in Saskatchewan in 1934. It is well within the

memory of many hon. members what took place on June 19, 1934, in Saskatchewan, where there was an election that returned the Minister of Agriculture with a splendid majority. We have heard in this house something about pamphlets used in the last federal election. Well, I have here one that was used in that particular election and it speaks about dollar wheat:

Dollar wheat will give you a job and enable you to own your own home. Dollar wheat will pay for your light and water and give you a telephone. Dollar wheat will pay your grocery bill and buy boots, shoes and clothing for the whole family. Vote Liberal.

On the other side I find this:

Dollar wheat will provide a surplus for a "rainy day." Vote Liberal.

That pamphlet did its work. It was found in every cream can in Saskatchewan for weeks before the election, and in every motor car on Saturday nights in the towns. But there is not a single thing there to indicate how the promised result would be brought about.

Mr. GARDINER: Read all of it.

Mr. PERLEY (Qu'Appelle): This is what it says:

Trade will bring dollar wheat.
Great Britain is willing and anxious to trade.

Of course; the Ottawa agreements make it possible for us to trade.

European countries are anxious to trade. The Liberal party is anxious to trade.

I have here a statement by the Minister of Finance that our trade was lost, our markets in Europe were lost, as far as wheat was concerned.

Mr. DUNNING: Read it now, the exact statement.

Mr. PERLEY (Qu'Appelle): This is what appears on the front page of the Saskatchewan Issue:

All major European markets are now closed to us as a result of prohibitive tariffs following the war.
Only one market remains—the British market.

The Minister of Agriculture asked me to read the pamphlet to which I have referred. Will he mention any action of his, or any word or deed since that was issued, anything that he has done that would help in any way to get dollar wheat? That was on June 19, 1934, and a little over a year later we find this hon. gentleman going up and down this dominion, in eastern Canada particularly, making attacks on the McFarland board, attacking the operations of the government in the five years during which Mr. McFarland was in charge, saying that we ought to sell our wheat at a loss in order to advertise Saskatchewan; and all the time wheat was pegged at 80 cents. That was his idea of dollar wheat.

As regards the other members of the committee that has replaced the advisory committee, I have nothing to say. I know that the Minister of Finance could be of great assistance, with the knowledge he has, and I hope he will direct that knowledge along proper lines.

Yesterday the Minister of Trade and Commerce asked why Mr. McFarland did not get the surplus down. I think my right hon. leader has already put on record the fact that during the five years of his operations Canada contributed thirty-seven per cent of the world's import requirements, which was two per cent more than she had supplied, on the average, during the previous ten years. That increased to thirty-eight per cent during the last six months the board was in operation. I think that is a very creditable record, especially when we know that this was the most difficult period in which to sell wheat, having regard to the condition of the world market, according to the very statement of the present Minister of Finance (Mr. Dunning) when he made his famous May day budget speech. According to a statement I have before me the old board sold more, during the period from August 1, 1934, to January 31, 1935, than was sold during the similar period from August 1, 1935, to January 31, 1936. I think that is very good, too. Just here I should like to say that they did not sell wheat at a loss to advertise Saskatchewan; they sold it when it was pegged at 80 cents at Fort William.

Yesterday the minister stated that on September 11, 1935, the statistical position indicated a rise in price. It certainly did, and Mr. McFarland knew that very well. The producing countries of the world were lower in their production; there was a very considerable decrease in the visible supply according to the figures given the other day by my right hon. leader, and everything indicated a rise in price.

I want to take just a moment or two to correct a wrong impression that appears to be prevalent in this house, that the new wheat board took over a surplus of 298,000,000 bushels. That statement has been made on two occasions already. I should like to recite the exact position, taking the figures that were presented to the committee last year. In 1930 the surplus taken over by Mr. McFarland was 127,000,000 bushels, of which 47 per cent was trade

wheat and 53 per cent pool wheat. I directed a question to Mr. Milner, president of the grain exchange; I asked him to dissect this 127,000,000 bushels carryover, and he admitted that more than 40 per cent was trade wheat. So the pools should not be blamed, as they have been on many occasions, for the total surplus at that time. Taking June 22, 1935, the date that was taken by the committee as a cut-off, so to speak, the position was this: Mr. McFarland had 50,000,000 bushels of cash wheat, which he had bought and paid for. There was 143,000,000 bushels in all other positions in Canada, which he did not control. He held 178,000,000 bushels of options which, with the 50,000,000 bushels of cash wheat, makes a total of 228,000,000 bushels, which was the figure commonly used by Mr. Ralston and other Liberal members. To satisfy that 178,000,000 bushels of options there was only 143,000,000 bushels of wheat in all positions in Canada that could be delivered, which, together with the 50,000,000 bushels controlled by Mr. McFarland, made a total of 193,000,000 bushels. It has been said that the board took over 298,000,000 bushels. It may be quite true that they took over that quantity, but of that 100,000,000 bushels was new wheat that had come in on the new crop, which should not be considered as a surplus. That is visible wheat. At the end of the crop year you speak of the new wheat as visible wheat, and the surplus is only referred to at the end of the year as the carryover at that period. There may have been 298,000,000 bushels, but let it be understood that the board had power to take wheat at a fixed price, and possibly they had taken over 100,000,000 bushels, which would give that total.

The important thing to consider, however, was what that all meant to the farmers of western Canada. If you look at page 408 of the proceedings of the committee of last year you will find that I asked Mr. McIvor to state to the committee just what the operations of Mr. McFarland over the five year period had meant to the farmers of western Canada. He stated that they had made it possible for the farmers of the west to sell all the wheat they had produced during the five years, which amounted to 1,700,000,000 bushels, and that during that time the surplus had only increased by some 67,000,000 bushels. I think that is a pretty good record. Then I asked Mr. McIvor what he thought it meant in dollars and cents and he said his lowest estimate was 15 cents a bushel on 1,700,000,000 bushels. You can figure that out for yourselves; it represents a very considerable gain to the farmers of western Canada.

Yesterday the Minister of Trade and Commerce stated that the policy of the government was steadily to offer wheat at competitive prices and clear the bins before the new crop comes in. I wonder if he thinks or claims that the change of ownership clears the bins. Mr. McFarland sold to exporters of wheat; the grain was actually exported at a price which protected the farmers. A great deal of the grain sold in the first three weeks of the operation of the new board was to protect the shorts. I think that could be easily proved.

Mr. DUNNING: You will have a chance to prove it.

Mr. PERLEY (Qu'Appelle): That is what we want.

Mr. BENNETT: We heard that in the committee last year.

Mr. PERLEY (Qu'Appelle): According to the bureau of statistics not fifty per cent of the wheat that changed hands in those three or four weeks has been exported. Where is the other fifty per cent? It is in the show window, so to speak; it is in the visible supply; it is in the hands of those who were short; it is in the bins. I venture to say that it is nestling in the bins in the terminal elevators. The Minister of Finance is laughing; maybe he knows something about it.

Mr. DUNNING: I will answer my hon. friend if he will permit me to do so.

Mr. PERLEY (Qu'Appelle): Some of it even may be nestling in the false bottomed bins of Fort William, about which the Minister of the Interior (Mr. Crerar) may tell us. The point is that to-day it is in the hands of those who have it to sell in competition with the wheat still in the hands of the board.

Mr. DUNNING: It is in the same place it has been for years.

Mr. PERLEY (Qu'Appelle): If we have an investigation we will find out where it is, who owns it, how much they paid for it and when it was delivered. The whole question is, how much has been exported?

Mr. ROSS (Moose Jaw): May I ask the hon. member to explain how, when a man buys in wheat to cover a short, he has got the wheat?

Mr. PERLEY (Qu'Appelle): He is responsible for it; he has bought something.

Mr. ROSS (Moose Jaw): Apparently my hon. friend does not understand the buying

and selling of wheat, because a short is a sale of wheat, and when you buy it, it covers that sale.

Mr. PERLEY (Qu'Appelle): Well, he was short and did not have the wheat, and having made the sale to an exporter he had to get the wheat to deliver.

Mr. ROSS (Moose Jaw): But he did not have the wheat?

Mr. PERLEY (Qu'Appelle): He sold short. It is well within the memory of many hon. members who listened to the proceedings in the committee last year that the grain trade were short some 35 million bushels, and they were not very comfortable. Mr. McFarland could easily have made them dance to a nice tune.

An hon. MEMBER: Why didn't he?

Mr. PERLEY (Qu'Appelle): We shall find out what he did. There was a settlement made, certainly, and it will be interesting to the public to know what that settlement was.

Mr. DUNNING: Yes, we will find that out.

Mr. PERLEY (Qu'Appelle): Now the Minister of Agriculture stated that during the first two weeks the new board had sold 43 million bushels, and 23 million on one day, a great sale. It was the day following the Argentine action. The report of the clearings for export for the first three weeks of the new board's term of office show that there were 6,312,000 bushels sold or cleared for export. Where is the balance? That is what I want to know. Now how about this 23 million sold in one day? To whom was it sold? The position is this: cash wheat had closed on December 13 at 83 cents. The Argentine market opens many hours earlier, and the Liverpool market four or five hours earlier than Winnipeg, and the report was on the board in Winnipeg that Argentina overnight had increased their price 20 cents, equal to 90 cents in Canadian money. That would make our No. 1 northern in the neighbourhood of 99 cents; for No. 1 northern carries a premium of three cents over No. 2, and No. 2 compares with Argentine wheat, therefore with the premium it would make our No. 1 northern 93 cents, nad with the six cent preference under the Ottawa agreement it would be 99 cents. Liverpool cables were up six cents. What do you think the board did? The stupidest farmer in Saskatchewan would not have done what they did. With all that information on the board that would indicate a sharp advance in price, can you imagine any farmer who had a lot of wheat in an elevator saying: Sell it before the market opens up? But that is just what they did, although they had to make some little arrangement with the shorts. Now what did they do. It is claimed that they delivered a certain amount of wheat, eight and a half million bushels I think it was, to the grain trade at one-quarter cent above the previous day's close, and the balance was sold during the day, some of it at an increase in price but nothing to exceed the permissible three cents increase.

At this point I quote from the Wall Street Journal as to what they thought about the transaction:

> The allegation is that the present wheat board, under Mr. Murray, permitted the exporters to fill their contracts at a price one-quarter cent per bushel in excess of the previous night's quotation.
>
> The effect of this extraordinary concession on the part of the board is that the exporting firms who had contracted to deliver wheat at the closing quotation prior to the Argentine's "peg" were saved from substantial losses.

Mr. McLEAN (Melfort): Would the hon. member tell us who is making the allegation?

Mr. PERLEY (Qu'Appelle): This is a report in the Winnipeg Tribune and the Regina Daily Star.

Mr. McLEAN (Mefort): On a point of order, Mr. Speaker. The hon. member said "it is alleged," I want to know who is making the allegation.

Mr. PERLEY (Qu'Appelle): Here is what the Wall Street Journal said:

> The Canadian grain board showed its co-operation with exporters, particularly the small ones that had made definite price contracts overnight, by allowing them to take in their hedges at one-quarter cent over the market's close. Had this not been done, the small shippers would have been in a plight, for Winnipeg wheat futures opened up the permissible three cents limit on the following day. Thus exporters who had sold wheat overnight would have been hard pressed to cover their hedges.
>
> As yet no Canadian government, irrespective of its political complexion, has recognized any obligation to succor the grain trading interests. The action of the Murray board, accordingly, constitutes an interesting precedent which is scheduled to be the subject of an important airing at the session to come.

Mr. McLEAN (Melfort): Mr. Speaker, I still ask the hon. member to tell us who is making the allegation, or else withdraw it.

Mr. BENNETT: He is reading a quotation from the Wall Street Journal.

Mr. McLEAN (Melfort): Mr. Speaker, I ask your ruling. The hon. member said, "it is alleged," and he read the allegation. I want to know who the "allegator" is.

Mr. SPEAKER: The hon. member said he was reading an allegation contained in a newspaper, which is a financial paper, giving a certain opinion. That is all.

Mr. PERLEY (Qu'Appelle): That excuse is made to justify the action of this board in selling 23 million bushels in one day, and when we take the statement made by the Minister of Agriculture that they sold 43 million bushels in two weeks, it follows that the sales for the remainder of the two weeks were only 20 million bushels. I think hon. members must admit that that is not a very consistent selling policy. However, they excuse the action of the board by stating that there was an order passed by the board whereby they could release wheat to fill bona fide acceptances of offers overnight. Now, I do not think that the old board passed that order. I am inclined to believe that it was passed by the new board; however, I may be corrected on that. But I was informed when I was in Winnipeg that the telephone wires were hot between Winnipeg and Liverpool, that when the boys went to their offices in the morning and found what had happened, that Argentine wheat was up and cables were up, they were in a precarious position and had to do something. I am informed—and I here use the language of the Hon. Mr. Ralston last year when he was making his charges from this side of the house: "If I am correctly informed, or if the figures that have been provided me are correct"—and I talked with members of the grain exchange who have been there for forty years, that the telephones were hot between Winnipeg and Liverpool to get an offer. And the offer came forward, and then of course they had to cable to accept it, and on that they presented the situation to the board and got delivery, or got wheat released to them to cover.

Mr. DUNNING: Does the hon. member believe that?

Mr. PERLEY (Qu'Appelle): I believe it. I think it would be quite possible. The boys were in a jam and had five hours to do it, and it is quite possible. However when the investigation comes on we will ask for those cables and for that information.

Mr. DUNNING: And a lot more too.

Mr. PERLEY (Qu'Appelle): We will find out how they got the offer, the date of the offer and all about it. The "allegator" will know all about it. The operations of Mr. McFarland and the former board have not cost this country anything. If they had been allowed to carry on, in view of the possibilities of selling wheat their efforts should have been, to a considerable extent, in the interests of the farmers. If a wheat board can make ten cents, five cents or even one cent for a farmer, it should do so. What would this mean to those holding participation certificates? I think we are entitled to that information, and I believe we will get it.

We remember the evidence given last year before the committee, and the statement made to the effect that Mr. McFarland was battling big interests. He had to go into the pit and buy 15,700,000 bushels in one day to keep wheat from breaking below the pegged price, and we know from whom he was forced to buy this quantity. When we know that, and when we learn now that possibly these same interests are playing with the present wheat board, I think we should know and the country should know all about the whole procedure.

Mr. DUNNING: They will.

Mr. MACKENZIE (Vancouver): For the first time.

Mr. PERLEY (Qu'Appelle): If it turns out that these big interests are playing in that way, we should devise in parliament some way of excluding them—the Bungé, the Dreyfus, the Continental Grain Company, and the Canada Atlantic, two of which companies are on Wall street—from our markets altogether. Wheat is the life blood of the western farmer; he deserves a square deal, and I say it is up to this parliament to see that he gets it.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like to add briefly my felicitations upon your election as Speaker, and to express the hope that under your guidance and chairmanship the deliberations of this assembly may be conducted with impartiality and decorum. May I, too, congratulate those who initiated the debate.

Upon this, the first occasion upon which I have had an opportunity of addressing the House of Commons, I should like to discuss somewhat thoroughly the speech from the throne, but as I come from one of the banner agricultural communities of Saskatchewan, indeed of Canada, I feel that perhaps to-day I should devote my observations, as did the preceding speaker, to that problem uppermost in the minds of the people in the prairie provinces. As the days

go by I shall endeavour to support anything emanating from the government side of the house which seems to be headed in the right direction. Conversely I shall oppose anything headed along the opposite road.

Conditions in western Canada to-day present a challenge to our intelligence and our statesmanship. I am familiar with those conditions. In the last few years I have travelled across that section of Canada, thousands and thousands of miles, and have looked down upon it. I have been into almost every nook and cranny of the province of Saskatchewan and into the homes of many of its people. There is an idea abroad that conditions facing western Canada, and indeed Canada generally, are the results of the war and the post-war depression. I would say that the situation in western Canada is not a war or post-war condition. The factors which lie beneath the surface of the present situation could be found prior to the war. It is true that the taking up of new land, the value of which was zero, and increasing its value by settlement and by speculation gave to the country a passing measure of prosperity, a prosperity which to a great extent was unreal. On the new equities thus created men and women on the plains were able to go out and borrow money. Credit was—and I place the term in quotation marks—"easy". But eight or more per cent soon had the producers within the toils of the banks, the mortgage corporations, the implement companies, and the financial system generally. Many people in western Canada even at that time realized the situation, and if one were to consult the records of the old Grain Growers' Association, and the various farmers' organizations meeting in convention from time to time in those years, he would find resolution after resolution directed against those conditions and against the difficulties under which the producers of western Canada were then marketing their grain.

When the war came, eliminating Russia the Balkan peninsula, and the Danubian provinces, from the production of wheat, the tremendous demand thus created caused new land to be brought under cultivation in Canada, in the Argentine Republic and in Australia. The result was that when the great war ended we found ourselves confronted with a serious situation. Let us remember that throughout the war years producers of primary commodities had been urged to increase their production in order to meet the needs of the armies in the field and the thousands of people who had been taken into the factories to produce the necessary munitions of war. Wheat was king. Wheat boards were instituted to prevent the price from sky-rocketting, and the agrarian population of Canada did not raise any serious objection to the price of wheat being limited at the top as a war measure. When the war ended they themselves asked for a wheat board again to stabilize conditions. On June 22, 1922, a bill was piloted through this chamber by the then government, under the leadership of the present Prime Minister (Mr. Mackenzie King), but that bill never became effective. The result was that the producers on the plains began to agitate for producers' pools, and as a consequence we have the foundations laid for the great pooling organizations now existing in western Canada. These pooling organizations in the beginning believed that mass pressure on the part of the producers would enable them to secure all that they required from any government holding office.

Once again the lesson has been learned that cooperation and competition are two opposing forces and that within a competitive society, cooperative institutions cannot function in the economic field without taking an active interest in the political field. That has been the experience of Great Britain, and to-day the great cooperative societies of the old land, the Consumers' Cooperative and others, are and have been for the last three years, ever since the Blackpool conference, part of the labour and socialist movement of Great Britain. Day after day, week after week, month after month, year after year, in season and out of season, groups of newspapers throughout the length and breadth of this land, and particularly in western Canada, have tried to discredit these cooperative institutions, and in addition we find that the same thoughts have been echoed from the political platform. We are told that the policies of these organizations have failed. I am not going to defend the policies of the late government in regard to those organizations. They have already been defended by hon. gentlemen who sit to my right. But let us examine very briefly some of the charges of alleged failure that have been made against our western producers' organizations.

First, we are told that we must put Canada's wheat back on the breakfast tables of the world, and that in order to do this it would be good advertising to sell our wheat at a loss. The preceding speaker (Mr. Perley, Qu'Appelle) said that the Minister of Agriculture (Mr. Gardiner) had made that statement in eastern Canada.

Mr. GARDINER: I would just like to say now that I did not make that statement in eastern Canada.

Mr. COLDWELL: I should like to put on Hansard what the Regina Leader-Post, a Liberal paper, reported the Minister of Agriculture as having said at Ridgetown, Ontario, on September 7, 1935. Did I see the Speaker shake his head? I do not want to transgress the rules of the house.

Mr. SPEAKER: I do not think the hon. member has a right to quote from that paper. He must accept the word of the minister who has stated that he did not use those words.

Mr. BENNETT: The report had not been read at that time, Mr. Speaker.

Mr. DUNNING: But he had quoted from it.

Mr. BENNETT: No.

Mr. COLDWELL: I have not read the quotation, but after I have read it, if the minister denies it I will accept his denial.

Mr. SPEAKER: Very well.

Mr. GARDINER: The hon. gentleman made a statement and I heard him make it over the radio on a previous occasion. I will send over to him the complete statement if he wants to read it.

Mr. COLDWELL: It does not matter what the Minister of Agriculture has heard me say over the radio; it is what I am saying in this house that matters.

Mr. GARDINER: But, Mr. Speaker, the hon. member just now repeated the statement in the house, and I say that it is untrue.

Mr. HEAPS: How can the minister say that it is untrue if the statement has not yet been read?

Mr. GARDINER: He made it just now.

Mr. BENNETT: What he said was that a statement had been made by the minister in eastern Canada, and the minister said, "I made no such statement." The hon. member is now going to read the statement which may or may not be the statement which the minister denies; then the minister can contradict the hon. member if he desires to do so.

Mr. GARDINER: What he said was that the hon. member for Qu'Appelle (Mr. Perley) quoted a statement of mine, and then he repeated it. I have the statement here as it was made by the hon. member for Qu'Appelle. It reads:

> It would be good advertising for the people of western Canada to market their wheat at a loss.

I say that that purported statement of mine quoted by the hon. member for Qu'Appelle and repeated by the hon. member for Rosetown-Biggar is not true.

Mr. COLDWELL: That is not precisely the statement that I have here. The statement is this:

> Speaking in the interests of Doctor James W. Rutherford—

Some hon. MEMBERS: Order.

Mr. BENNETT: He has the right to read it.

Mr. COLDWELL: It reads:

> Speaking in the interests of Doctor James W. Rutherford, Chatham, seriously injured in an automobile accident Wednesday, but who was resting comfortably Friday night, Premier Gardiner urged the utmost be done to retain markets.
>
> "It would be good advertising for the people of Canada to market their wheat at a loss and win back the market" he said. "Western Canada will produce as much wealth in wheat in the next twenty years as it has in the past."

That is the report of the minister's statement at Ridgetown, Ontario, and what I say, Mr. Speaker, is that that statement appeared in the organ supporting the Liberal party, the principal paper of the Sifton press published in Saskatchewan, and if it did the minister an injustice I would be glad to see the Regina Leader-Post get any correction the minister might care to make.

We were told that we had to put our wheat back on the breakfast tables of the world. Let us look at a few figures. If we take the very worst period of the depression, from August, 1930, to August, 1934, the statistics show that of every 100 bushels of wheat placed on the world market, 35 bushels were Canadian; 20, Australian; 20, Argentine; 10, American; 8, Russian, and 7, miscellaneous. To Britain we supplied 22·7 per cent of her imports in 1929 and 1930 when hon. gentlemen opposite were last in power, as compared with 34·4 per cent in 1933 and 1934, and a higher percentage last year. It is true, of course, that Canada was accumulating a tremendous carry-over all through those years, but again let us look at some figures.

On August 1, 1921, just before the party of hon. gentlemen opposite first took office, the carry-over was 10,000,000 bushels; one year later it was 21,000,000 bushels; in 1928, it was 91,000,000 bushels, and when the attention of a former Minister of Trade and Commerce was drawn to the situation what did he say? He said that his department was not exercised over the sale of such commodities as wheat; that such commodities would find their own market. You will find that

statement in Hansard. The laissez faire political philosophy of those days was laying the foundations for the difficulties that followed. When hon. gentlemen opposite left office in 1930, the carry-over on August 1, 1930, had been accumulated to 127,000,000 bushels, an increase of 117,000,000 bushels since 1921. Then there was a change of government and a change of policy. It is not my purpose, as I said before, to defend that policy or that government, but I would just point out that during the years that followed the accumulation rose to 204,000,000 bushels as of August 1 of last year. Now it is said that that was due to the holding policies of the wheat board. I want to say—and I think this is the fact and it will come out upon investigation—that there was always Canadian wheat for sale.

Mr. DUNNING: Oh, certainly.

Mr. COLDWELL: It has been charged over and over again that Canada tried to keep wheat at a high price level. Well, in that part of the country which I represent, wheat for a time was selling at twenty-one cents a bushel at the country elevators.

An hon. MEMBER: What year was that?

Mr. COLDWELL: 1932. I may say that the price of other things was set largely by the price of wheat. I can remember buying a thirty-dozen crate of eggs, not from a farmer but from a store thirty miles from Regina, and paying only ninety cents for the crate. I put down a dollar bill and I was too ashamed to wait for the change. That was the situation. Why was that? It was because, as has been pointed out already from this corner of the house, tariffs, quotas, subsidies and monetary policies, both domestic and foreign, had all played their part. At one time when the Australian farmer sold his wheat in Liverpool for £1 he received 25 shillings in Australian money. That local currency enabled him to pay his taxes and meet his obligations in his own country. But the sterling-dollar exchange was against the Canadian producer.

We have the additional factor of the increase in the use of power machinery throughout the world. New industries have arisen in what were formerly backward countries, and it is now almost impossible for the great industrial nations to sell their products and set up those credits with which to buy the commodities which we produce. Consequently we are faced with a situation that is entirely new. We hear a great deal about tariffs. I am not a high tariff man; indeed, I do not believe in tariffs. The tariff controversy is out of date. The question to-day is not one of tariffs, but of exchange of goods. We must learn that the time has come when the only way in which we can trade is to exchange goods with those who will exchange goods with us. Heaven knows that we need the clothing, the boots and shoes and the blankets of old England, and old England needs the wheat, the bacon and the fruits that we produce.

In the province from which I come there are people who have produced vast wealth but who are living to-day under conditions that are a disgrace to our civilization. They have few modern conveniences, little clothing, little bedding and none of the sanitary conveniences that we consider essential to modern times. Let us not forget that this great building in which we are met to-day, together with the great financial buildings that we see throughout the length and breadth of Canada, particularly in the east, have been built by the toil of the people who have produced the primary products. Yet what do we find? I take the census figures for 1930 and I find that in that year in the three prairie provinces there were 288,000 farms. Of these only 5,036 had water piped into the kitchen of the farmhouse. Only one out of fifty-seven had what is regarded elsewhere as an elementary convenience. If we take other sanitary equipment as a criterion, only one out of seventy-three had modern bathroom facilities. In Saskatchewan the rate was one in eighty-five. Yet these people have produced great new wealth. Where has it gone? As I say, look around and see the sky-scrapers in Toronto and Montreal; look around and see the magnificent buildings scattered throughout the country and find your answer. We on our part urge that the government negotiate agreements with nations that will trade with us. If the government will undertake to do that we will support them at every opportunity.

An hon. MEMBER: What do you mean by "we"?

Mr. COLDWELL: I mean the little group with which I am associated.

Tariff policies are not a solution of our difficulties, even our marketing difficulties. I have under my hand a clipping from the Manitoba Free Press. I like to choose Liberal papers although from what the Minister of Agriculture (Mr. Gardiner) said a little while ago, I must not place too much reliance upon what appears in these Liberal papers. On January 11, the Winnipeg Free Press had the

following editorial in connection with an article appearing elsewhere by Miss Cora Hind. They say:

"Miss Hind's judgment on this point, based as it is upon personal investigation, will be accepted as authoritative."

Here is what Miss Hind had to say in her article:

"Having now visited Norway, Sweden, Germany, Poland, Rumania, Jugoslavia, Hungary, Austria and Czechoslovakia and looked into the possibility of these countries for the export of Canadian wheat, I must frankly confess that I am disappointed at the outlook.

Before leaving Canada I, in common with many others, felt that a change of government and more liberal customs and trade arrangements would be practically all that was needed to reestablish much of the former export trade to Europe. I feel now that the task, while not an impossible one, will be a more difficult one and will take more time than was anticipated."

Those are the words of Miss Cora Hind.

Mr. DUNNING: Quite reasonable.

Mr. COLDWELL: The policies of the Liberal administration of 1921 to 1930 failed to solve the problems of wheat marketing and unemployment. The policies of the late government failed to solve these problems. When I look at the speech from the throne I am quite convinced that the policies enunciated therein will not solve these problems. I venture to make the prediction that three years from now the people of Canada will be as dissatisfied with the condition under hon. gentlemen opposite as they were a short time ago with the condition under the hon. gentlemen who are sitting immediately to my right.

Mr. McLEAN (Melfort): Your previous prediction did not come true.

Mr. DUNNING: You have not been a very good predictor in the past.

Mr. COLDWELL: The Minister of Finance says that I have not been a very good predictor in the past, but I think I have probably been just as good a predictor as he has.

Mr. DUNNING: I do not do any predicting.

Mr. ROWE (Dufferin): You did before 1930.

Mr. COLDWELL: I remember he made some predictions that did not just work out. I am still making the same predictions that I made ten years ago, that within the present system lies no cure for the present economic condition. That is the prediction I am making now.

Mr. DUNNING: That is not a prediction.

Mr. COLDWELL: I think time will ultimately bear me out.

Under the last administration a wheat board was established, and that board was satisfactory to the producers of western Canada; the resolutions of the organized producers show that, I think, completely. But since hon. gentlemen opposite have taken office very disquieting events have occurred. I want the house to be quite clear about what I am going to say. I am not going to impute, and I never have imputed, wrong motives to any of the gentlemen who comprise the wheat board or the advisory committee; but I have said and I do say this, that we are the creatures of our environment to a greater degree than we care to admit, and that associations do mould ideas. Therefore, while there are to-day on the wheat board and on the advisory committee gentlemen who are perfectly honourable and good men, their associations do not command the confidence of the producers of western Canada. We are, I repeat, to a large degree the creatures of our environment.

Who are these gentlemen? There is Mr. J. R. Murray, who has been discussed, a former secretary of the grain exchange, on a year's leave of absence from one of our great line elevator organizations. The gentleman in charge of the selling agency of the pool is the son of a prominent grain merchant of the city of Winnipeg, Mr. Smith; and on January 14, an assistant sales manager was appointed in the person of Mr. Pethick, another grain exchange broker, replacing as he did Mr. Folliott, who was the eastern representative of the Alberta pools and who himself was engaged in the grain business. The men thus replaced had the confidence of our producers. Our people in western Canada feel, owing to the personnel of this board, unwisely appointed, I think, by the government, that they have been delivered into the hands of their enemies.

Mr. DUNNING: You have mentioned only one member of the board.

Mr. COLDWELL: I have mentioned three gentlemen, one member and two officials, all of whom were connected with the grain exchange.

Mr. DUNNING: But you have not mentioned the majority of the board.

Mr. COLDWELL: The other two members of the board were mentioned by a preceding speaker and I did not think it necessary to repeat their names. There is Mr. McIvor—

Mr. DUNNING: What have you to say against him?

Mr. COLDWELL: Nothing; and as regards Dean Shaw, I have nothing to say against him personally.

Mr. EULER: That is the majority of the board.

Mr. COLDWELL: I would point out, however, that Dean Shaw is not a grain man; he is a cattle man. Moreover, if I am correctly informed, Dean Shaw believes in selling wheat at whatever the competitive price may be, and that in 1932 would have spelt even greater disaster to Canada than the price at that time did.

An hon. MEMBER: It was sold then at whatever it would bring.

Mr. COLDWELL: Well, wheat was always offered for sale. Our people are alarmed because they feel that they have been delivered into the hands of their enemies. Now the old advisory board consisted of seven members, four of whom, or a majority of the board, directly represented the producers' organizations. To-day the government has replaced that board by a committee of the cabinet.

Mr. DUNNING: Oh, no.

Mr. COLDWELL: A cabinet advisory committee.

Mr. DUNNING: My hon. friend is quite wrong. The advisory board is simply not in existence; there is simply no advisory board.

Mr. COLDWELL: We will put it in this way—a committee of the cabinet in an advisory capacity.

Mr. DUNNING: No, not in an advisory capacity.

Mr. COLDWELL: What is it then?

Mr. DUNNING: The subcommittee of the cabinet is for the purpose of advising the government with respect to all matters connected with wheat, for the purpose of advising not the wheat board but the government.

Mr. COLDWELL: Quite right; but in so far as that advisory committee advises the government regarding the wheat situation, it is certainly an advisory committee on wheat. And if the board, as we are led to believe, is taking its instructions from the policies laid down by the government, then to all intents and purposes that particular committee is an advisory committee on wheat.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. COLDWELL: Mr. Speaker, when the house took its recess I was saying that our people are questioning the activities of the present wheat board. That questioning is becoming all the more insistent in the light of what transpired last December. Let me remind you that during the recent election campaign the policies of the wheat producers and of the old board were constantly under fire. It became customary to describe the policies of that board in terms that were not very complimentary to either the board or the government. The policy of the new administration and the new board, however, is being spoken of quite widely as a "fire sale" policy. The effect of the statements that were made by hon. members opposite during the campaign became apparent even before the campaign was over. For example, on October 5 the price of No. 1 northern wheat at Fort William was 96 cents a bushel. As the effect of the campaign became evident the market reacted so that on October 15 the price was 91⅝ cents. The next day, when the results of the dominion election were definitely known, the price of wheat fell to 88⅝ cents, a decline of 3 cents. On October 28 it was down to 85 cents, and on January 13, one month ago, it was 85·4 cents. It has fluctuated around that figure ever since. This has been the case, may I add, in spite of the fact that on December 12 the Argentine republic placed a set price of 90 cents a bushel on its wheat. What happened between the close of the exchange on the afternoon of the 12th and the re-opening of the exchange on the 13th is a matter of public interest which, I understand, will receive careful inquiry by this house. It has been alleged that some millions of bushels of wheat were sold during that short period at 2¾ cents below the opening pit price.

Speaking at Estevan, I believe, the Minister of Agriculture (Mr. Gardiner) said that 8,600,000 bushels of wheat had been sold for export and that some 45,000,000 bushels of wheat in all had been disposed of. Yesterday the Minister of Trade and Commerce (Mr. Euler) told us that 65,000,000 bushels of wheat had been sold during the first six weeks of the activities of the new board. The question that is being asked very widely is this: To whom was that wheat sold and why was it sold? In a public statement Mr. McFarland said that the speculators were caught in a trap. Were these sales made to get them out of that trap and, if so, to what extent?

In view of all the circumstances can it be wondered at that the producers of western Canada believe they have been delivered into the hands of their old enemy, the grain exchange? That is what they believe, and it will require careful explanation before they can be persuaded to think otherwise. The brief reference in his excellency's speech will do nothing to dissipate that feeling, nor, I am persuaded, will the speech delivered yesterday by the Minister of Trade and Commerce do anything to alter the opinion that has been formed in western Canada.

There is one other point I should like to mention while there is yet time, and it is this: Another cause of great uneasiness is the delay on the part of the government in authorizing the 1930 equalization payments. It is my understanding that an agreement was reached some time ago between the Cooperative Wheat Producers' Limited and the late government in regard to this matter, and the producers believed that in a short time they would receive the payments that were due. We were told that the government were only waiting for the auditors' certificate. It should not take a long time to obtain that, and the farmers need the money that is due them in order to finance their spring operations. Moreover a date was set, later than that originally believed to have been set, and the price of wheat declined in the interval. As a consequence our producers are very restive in regard to this matter.

Then we have the news items in the press regarding the reference to the Supreme Court of Canada of the Natural Products Marketing Act and other measures. May I say that I am one of those who have been brought up to believe that parliament is the supreme authority; that there is no higher court than the high court of parliament. That is the British tradition, and I am indeed sorry to think that we have departed from that British precedent. The government might have waited until some outside body questioned the validity of those acts. It might at least have waited until this House of Commons assembled, because it had no authority from the parliament which enacted the legislation thus to test the validity of those measures.

I believe, Mr. Speaker, you are just about to rise to tell me that my time is up, so I will resume my seat.

Mr. T. A. THOMPSON (Lanark): Mr. Speaker, before the conclusion of the debate I should like to make a few observations. May I first congratulate the mover (Mr. Slaght) and the seconder (Mr. Fournier, Maisonneuve) of the address upon the eloquent presentations they made to this house and upon the moderation of their remarks. Both of these new members have reflected great credit not only upon themselves but also upon the constituencies which they have the honour to represent.

I also wish to congratulate the hon. member for Rosetown-Biggar (Mr. Coldwell). I have been in public life for many years, in the provincial house and in this house, and I have never listened to the maiden speech of a member of parliament with greater interest than I did to the speech of the hon. member who has just taken his seat. I predict that this young man will go far in the public life of this country. One significant statement that he made was that associations and environment leave their impression. I am sure that a wider view of public affairs and the environment of this house will cause him to modify some of his views. One statement he made to which I must take exception is that he is not in favour of tariffs; that we want English manufactured goods to come into this country in exchange for our agricultural products. At the present time that would mean disaster to this country. We are living in a world of tariffs, and it would be madness for Canada to throw her market open as a dumping ground for the surplus products of other nations while our neighbours keep up their tariff barriers against our goods. If manufactured goods from Great Britain were allowed free access to the Canadian market this would destroy the manufacturing business of Canada and our farmers would be the greatest losers. I have been a farmer all my life, and I never was able to sell the produce of my farm to my neighbour. My market was found among men and women in the industrial parts of the country. The men and women engaged in the industrial life of Canada, if they have steady employment and good wages, have the purchasing power to buy my products. We cannot build up this country on a solely agricultural basis. The urban and the rural communities are dependent one on another; their interests are so inseparable that you cannot place upon our statute books laws affecting one without affecting the other. We prosper together or go down together.

Canada is just emerging from five years of the greatest depression the world has ever known; in common with every other country she has suffered severely, but I think it is generally conceded that she is coming out of this depression better than almost any other country, and that is due solely to the wise

policies and statesmanship of the former government. Those years have been years of great depression, but also of great achievement. During the past five years more legislation beneficial to the common people has been placed upon our statute books than in any other five years of the history of this country.

What did the Conservative government find when they took office in 1930? They found the markets of the world closed to Canadian products; they found the markets of Europe closed to our wheat. When were they closed? Between 1921 and 1930 when the Liberal government with the present Prime Minister at its head were in office; that is when our markets were lost. In 1921, when the Liberal government took office Canada was exporting to the United States $175,000,000 worth of agricultural products. In 1930, when they left office Canada's exports had fallen to a little over $3,000,000. That calls to my mind a bill board that faced us all through the country last autumn. I spoke in many Ontario ridings during the last election campaign and wherever we went we saw the smiling countenance of the present Prime Minister (Mr. Mackenzie King) on a great billboard giving his benediction to the words that were under it; "Vote Liberal and restore the markets lost by Bennett and Stevens." There never was a statement more utterly void of truth. Those markets were not lost by those two hon. gentlemen; they were lost between 1921 and 1930 while the Liberal government were in office. When was the Fordney-McCumber tariff passed? When was the Hawley-Smoot tariff passed? These are the tariffs that shut the Canadian exporter out of the United States market; and they were passed during the time the Liberal government were in office in Canada. I do not blame that government for the tariffs of foreign countries; but why should they say, "Vote Liberal and restore the markets lost by Bennett and Stevens·" What we want in this country is truth and honour. I have been in public life, municipal, provincial and federal, since I was twenty-one years of age; I have tried to run my campaigns honestly and in a gentlemanly manner, and I think I have succeeded. I have never sent out literature that reflected on the personal character of anyone. Until we get away from making reflections of that nature we shall not have clean politics in Canada.

I take exception to a statement made by the hon. member for Vancouver East (Mr. MacInnis) the other day. He stated that in the last election the people did not vote for the Liberal party; that they voted against the Conservative party. I believe the policies of the Liberal party or of the Conservative party had not much to do with the last election. The people were restive under five years of—

Mr. McPHEE: Tory government.

Mr. THOMPSON: —of depression, and they were willing to make any change. Had a Liberal government administered the affairs of this country for the five years between 1930 and 1935, they would have met at the hands of the electors the same reception as was received by the Conservative party, and they would have left the country in much worse shape.

I heartily agree with the statement made yesterday by the hon. member for East Kootenay (Mr. Stevens) that the House of Commons is the house of the common people. This is the place where every member has a right to speak as representing a large body of Canadians.

Mr. McPHEE: We did not have it in the last five years, my dear friend.

Mr. THOMPSON: Of course we always hear some rooster crow.

Mr. ROGERS: We can hear you.

Mr. THOMPSON: I was somewhat amazed when I heard the Prime Minister (Mr. Mackenzie King) of a great country such as Canada point to himself and say that the result of the election "was what the people thought of me, and what the people thought of you"—pointing his finger to the leader of the opposition (Mr. Bennett). Have we ever known such egotism in our lives, the egotism of a man drunk with power? Even if his observation were true, since when has popularity been the measure of true worth? What was the popular cry against the greatest man who ever lived? Away with such a fellow; it is not meet that He should live; crucify Him, crucify Him! Through all the ages, at different times democracy has not ceased crucifying worthy men.

I do not wish to make any observations concerning the leader of the opposition or the Prime Minister of Canada, but I should like to be permitted to read an account which appeared in the Calgary Herald immediately after the election. We find the following:

Mr. King declared: "The result is a victory for democracy. It constitutes a great deliverance, a deliverance of the people from one man

government, from mistaken policies, and from autocratic leadership. It is a triumph for broad principles and policies, as against promises and pledges recklessly and extravagantly made for the purpose of winning votes."

Is anything further needed to show the spirit of the man? Had it been true it should not have been said. I say here and now that we never had a one man government in Canada and that we never had autocratic leadership. But even if it were true, what do hon. members think of a man who gives his opponent a kick in the head when he is down? Let me read further from the Calgary Herald.

Place alongside this rather churlish pronouncement the proclamation issued by Mr. Bennett: "The electors of Canada have decided they desire a change of government. Although from a large number of constituencies members have returned by a minority vote, the result is decisive. The Liberals have been entrusted wtih the responsibility of governing Canada. I wish them well. Although the electors have expressed their dissatisfaction with the services I have been able to render to Canada, I still regard it as a high privilege to have given my best to the dominion during the past five years. I sincerely hope that Mr. King may derive as much satisfaction from serving the country as I have done."

Comparing those statements we find that one is that of an unsportsmanlike politician, and the other is that of a good sportsman and a statesman. With your permission, sir, I shall read further from the comments in the Calgary Herald:

On the one hand we have an ill-tempered victor gloating over his opponent, and on the other the generous-minded, sportsmanlike statesman, cheerfully recognizing the will of the people, and wishing his victorious opponent success in the task which he is about to take upon himself. There is enough common sense and love of fair play in the Canadian people to register and remember the difference between the two men. Mr. King emerged from the test of victory in a discreditable manner. Mr. Bennett accepted overwhelming defeat at the hands of a forgetful people in a manly fashion that will stand to his credit for all time.

That expresses better than I could the feelings of the Canadian people.

Upon this occasion I shall not enter into any lengthy discussion of the speech from the throne. When the measures forecast in it are presented to the house for consideration we shall have an opportunity to discuss them. I should like again however to call to the attention of the house the statement made by the hon. member for East Kootenay, namely, that we are the House of Commons and that the Liberal party has been entrusted with administering the affairs of the dominion. I, too, wish them well, and if there is any way in which I can assist them I shall be only too pleased to do so. I care not whether it be a Liberal, a Conservative or some other kind of government; I know that the united effort and all the intelligence and brain power possessed by every member in this chamber will be required to bring us out of our difficulties. We have an unemployment problem to solve and a railway problem hanging heavily over our heads. There is another problem in the western provinces; they find themselves in bankruptcy and come here from time to time asking that their bills be paid. How long can this continue? If the western provinces have been unfortunate; if the grasshoppers have eaten the crops; if the drought has burned them out, or if they have been blasted by rust and frost, I would say that we might come to their assistance. But if they insist upon electing governments which squander their resources, which will guarantee bonds of railways and introduce social legislation involving expenditures they cannot afford, they cannot expect to come to Ottawa with their hats in their hands, asking for help.

Since this government has taken office two treaties have been arranged, one with the United States and the other with Japan. I do not wish to discuss them at length this evening, but I must say that so far as the United States treaty is concerned I am afraid that, like the small boy, we have paid too much for our whistle. While some advantages may come to the lumberman and the stock men, such advantages will be counteracted by the disadvantages which will be suffered by other industries. If Japan is allowed freedom to ship to this country goods manufactured by cheap labour in a country where the standard of living is very low, our industries will be crippled.

I believe in this parliament we should throw aside to a great extent our partyism and attempt to grapple with the great problems confronting this dominion to-day.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I should like to warn the previous speaker (Mr. Thompson) that it is dangerous to quote from the book of sacred laws. We know that a far better man than the former Prime Minister (Mr. Bennett) was crucified, and that the people cried out, "Away with Him." But may I say emphatically that the Prime Minister has suffered his crucifixion, and like the great captain, his predecessor, has come back with a larger number of followers than ever before.

Mr. W. K. ESLING (Kootenay West): Mr. Speaker, to the many expressions of congratulations I should like to add mine to yourself, to the mover of the address (Mr. Slaght), and to the seconder (Mr. Fournier, Maisonneuve). I should also like to congratulate the Prime Minister (Mr. Mackenzie King) on his generous party following. In past campaigns he has repeatedly appealed to the people to give him a good, clear working majority in order that he might not be handicapped or held up by minority groups. Certainly his wish was gratified in no uncertain way on October 14 last, and with Liberals to the right, left, in front of him and behind, the Prime Minister need have no concern about minority groups handicapping him or minority gunmen threatening to shoot unless he brings down or repeals certain legislation.

I rise, Mr. Speaker, for the purpose of using this opportunity to suggest reforming one particular piece of existing legislation under which nothing less than an outrageous racket is being carried on throughout the dominion, and we are experiencing this particularly in British Columbia. I refer to the operations that are being carried on by what is known as the Performing Right Society, operating under the legality of the Copyright Act. We in Canada have no interest in that society. It is composed first of all of American authors, composers and publishing associations, and allied with them is the Performing Right Society of England. Allied with them are similar societies in eighteen countries of the world. They claim to hold and to own the copyright on two million pieces of music.

Now the basic principle of the Copyright Act is to protect the author and the composer, but through this Performing Right Society we are protecting, not the composer, author or publisher in Canada but only the authors and composers of other countries. Canadian authors and composers do not benefit one particle from this society; they are not members of it. The Canadian society represents simply an assignment of all the rights to this alleged two million pieces of music controlled by the society in England and the society in the United States. The society has no financial interest in Canada. The capital structure of this Performing Right Society is ten thousand shares of no par value, and there are just two shares held in this dominion. The one purpose of the society is to levy a toll upon anybody and everybody using what they allege to be portions of their repertoire of two million pieces of music. They started out in the first place with a minimum levy of ten dollars on every theatre, large or small, and on every hall, whether it be a community hall, a fraternal society hall or a privately owned hall; they made a minimum levy of ten dollars on every radio in a hotel and on every radio in a restaurant. But in January of last year they raised this minimum levy from ten to thirty dollars, and there is nothing in the world to prevent their fixing the minimum at a much higher figure.

The point I wish to make is that the tolls are first of all excessive. They have gone up from a minimum of ten dollars to thirty dollars, and there is an additional levy based on the number of seats in a theatre or the number of performances. The levy varies also with the number of dances held or the number of evenings that a hall may be used for giving an entertainment, concert or dance. This levy is applied to radios in hotels according to the number of rooms in which a radio is available. Now the radio owner, whether he be a hotel proprietor or just the ordinary individual, having bought and paid for his radio and paid for his licence, hardly expects to pay for the privilege of hearing the music which comes out of that radio.

But now the society is threatening to increase its tolls. They did increase them in January of last year, and nobody knows how much further they are going. The thing became so burdensome that last session His Honour Judge Parker, of Toronto, was appointed to make an investigation into the situation. The point about that investigation is that the society, fearful that it would result in new and more restrictive legislation, sent its agents throughout Canada, in an endeavour to collect this minimum levy of thirty dollars as quickly as possible, but advantage was taken of the restriction that so long as the matter was before a royal commission there could be no prosecutions. But innumerable threats were made against individuals that unless they paid these tolls in advance the society would withhold entirely its licence to them to perform any one of these two million pieces of music.

Is it not reasonable to say to this society that if they expect to exact a toll from every owner of theatre or hall they must publish a list of the pieces of music which they claim to control or to have the copyright of? But they absolutely refuse to publish such a list, and they apply their tolls on every kind of hall whether it be for charitable, religious or agricultural purposes; they make no difference

at all. I do hope, Mr. Speaker, that the government will speedily take steps to correct this unfair and unjust piece of legislation.

Before closing I should like to congratulate the hon. member for Wood Mountain (Mr. Donnelly) on his intention, as indicated by the order paper, to introduce a resolution in connection with pensions for the blind. I know of no more worthy legislation which could be brought down. While many millions of dollars have been expended, primarily for relief purposes, for bridges, buildings, highways and public construction, those afflicted with lack of sight have certainly had no benefit by way of relief or otherwise from any of these expenditures. They do not know the pleasure of driving a car or playing golf or engaging in other outdoor sports, but they are readily reminded of their unhappy lot when unexpectedly their bodies are jarred in stepping down a six inch curb or in coming into contact with a partly opened door, and I cannot believe any hon. member will be adverse to such legislation. Certainly I am sure the provinces will join in it and the public will approve it, and the measure will have the everlasting gratitude of those who are so afflicted.

Mr. J. S. TAYLOR (Nanaimo): Permit me, Mr. Speaker, on first addressing the house to add my felicitations to you on reaching your high and responsible office, and to express the hope that your duties will come easily and agreeably to their accomplishment. During the many years in which I have walked and run along the road of life I have not come until these days into the privilege of sitting in a house where one is permitted by one's fellow citizens to deflect or to alter the course of the country's historical progress. I have however, always assumed that those who did so sit and discharge their duties felt a sense of real deliberation and responsibility; I have been mortified during the course of the last week's proceedings to listen to childish stone throwing and mud slinging, and I sincerely hope that these will be dissipated in the zeal and concern with which we shall address ourselves to our real duties. I am reminded of a quatrain which I wish to quote:

> Every little boy and gal
> That comes into this world alive
> Is either a little Liberal
> Or else a little Conservative.

Sir W. S. Gilbert gave those lines to one of his characters in that charming light opera, Gilbert and Sullivan's Iolanthe, and in doing so permitted that character to express a wholesome truth. The structure of man's mind ranges along a line of activity and expression which has at one end conservatism and at the other end liberalism. This description is true universally, wherever man is born into this world alive, and it varies not whether the man be white or black or brown or red or yellow. The hoi polloi—and I do not use that term with any disparagement—that mass about the point of demarcation between the definite Conservative attitude of mind and the definite Liberal attitude of mind constitute the real reason for the political trickiness and chicanery which so often mark and mar the progress of our institutions. They find themselves strangely subject to the influence of either party. They are indignant or they are pleased at the loss or gain of their vote because, forsooth, they have made their best guess as to who would be the successful candidate and as a matter of fact have assisted in doing what they could to bring about his success. To the extreme type at either end of this line of activity and expression, from which only the party politicians are selected or select themselves, there is a lake filled with good fish, teeming with innumerable suckers; and the bait which is presented to them, whether that bait be work and wages, or blasted markets, or the milk and honey of other countries overflowing into our own, is justified by the fact that they desire for their party the crown of office, the orb of the high political principles of their party, and the sceptre of party patronage.

It is a fact that will become more apparent the more it is studied that you cannot convert a Conservative structure of mind by a Liberal argument, and you cannot alter a Liberal structure of mind by a Conservative argument. And so there is presented the difficulty of our political situation in this and every other country governed by the ballot. Thus the two ends play always against the middle to the hurt of all. I do not question the high ethical principles which dominate our high political commands, nor the manner in which they marshal themselves to the attack of each other for the good of their country; but I do wish by my words at the outset of my speeches in this chamber to draw attention to one of the most serious political difficulties of our system of political life. For some moments there must have arisen in the minds of members of the house a question as to what position this group of seven holds in its deliberations. If the house is composed of Liberals and Conservatives, where does this puny group of seven orientate itself? The answer is really simpler than the question. For the first time in the history of this august parliament we have

come to a truly foundational opposition by a coherent group; and we, sir, are that foundational opposition and that small group, the outgrowth of the long continued and persistent efforts of our respected leader. Alive to the oikos nomos, we are the scientific students of economics which in this day and age of the downfall and portending holocaust of capitalism must discover to the world the personal advantages, the national security and the universal brotherhood which underlie as foundation stones the social structures and the social culture and advancement of the system of society called socialism.

So we rise to our task definitely as an entering wedge to cleave apart the thoughts of the people of Canada and to awaken them to the fact that the old system of capitalism is dying and that the institutions of our country must be built up on the cooperative commonwealth. We do not fail to pay tribute to the tremendous advances of things temporal which have been brought about and are directly contributed to by capitalist exploitation and enterprise. But we firmly believe that no exploitation of any one man by another justifies the advance or progress of any system of society. We cannot however view without considerable alarm the hypocritical efforts of political, financial and industrial magnates to hoodwink the people and attempt to dispel their mental images of the onsweeping tide of human progress, of machine development, of constructional experience, of progressive efficiency, and of human savoir faire, which are continually advancing the conditions of our life—all this, I say, while the savings of the people are dwindling, while the Lares and Penates in our homes are being sacrificed, while men, women and children in our land are staggering toward the unknown over a desert route between the high limiting walls of relief, bringing nothing to the community but sorrow and blame, and nothing to themselves but the bitternesses of life, brought about by thwarted efforts and blasted beliefs.

It is pitiful to read, as we do in our daily papers, of the efforts of one of the sagacious minds of our country, a man gifted with amazing commercial acumen, who spends himself in the interests of one of the greatest transportation systems of the world, and who is compelled, by the limitations of his position, to gird himself always whenever an enemy to the advance of his great industrial system raises its head.

But apart from all this we are profoundly moved and disturbed when we learn that the single invention of two young men in another country bids fair to destroy the hundred and fifty year old occupation of the human cotton picker, and that in this year of grace 1936 it will almost abolish the customary employment of over two million people in one cotton growing area alone. We are profoundly disturbed in our economic studies by the fact that similar inventions in this Canada of ours are continually being advanced by the selfish and exploiting greed of those who govern our country, and we are always watchful that something should be done by this august parliament to face the issue and bring to our people a sense of satisfaction which it appears to be deliberately refusing them.

It is not my purpose to make a long speech. I find myself on my feet, shaking in every limb. At the same time I want to bring home my points, and I want the house to feel that I am earnest in what I am saying, and that this group represents an earnest desire to solve the difficulties of our country. We welcome by our side this already robust group of social crediters, not because there is anything in their work that would lead us to think they might be found on our side or might advance with us the standard of socialism, but because they are avowedly determined to study the position of the country and the difficulties of its people by addressing themselves to the economic aspect. In that respect, sir, we welcome them and wish them well. When they know us better they will fear us less and honour our cause more. But, sir, I do ask this honourable house and its members not to confuse the cooperative commonwealth federation group of seven with those who in present day colloquial speech are classed as communists and anarchists. To do that is all too common; but if you must do it, it will not ultimately harm us. Nearly two thousand years ago those who followed the Master heard the term "Christian" spoken in utter opprobrium, and it did not hurt his followers. But these terms are intended by many in the house and all through the country to bring into derision the cause we uphold.

I would respectfully call the attention of hon. members to the high ethical standard of a system of society represented in communism, where in harmony, and understanding of their difficulties, men and women hold all things in common; and I am quite sure that every member is aware of that nirvana of human society termed anarchy, a system of society in complete accord, in which the conditions of law will not be inscribed on statute books but written in the hearts of its men and women. But these glorious states of

society are altogether too far off to be considered in our present day; we must remember that we exist amid entirely different conditions. Humanity is still wallowing at the bottom of the hill. I call attention to these facts in order that the house may thoroughly understand the position of this group of seven. I want hon. members to feel that we, in our efforts to bring to the deliberations of this chamber the economics of the situation, will always present these as against purely political contradictions. There is in all this a plea for some understanding. Understanding will bring tolerance and tolerance will pave the way for the removal of all abuses. Let there be a truce to hypocrisy and cant; a truce to talking for talking's sake; a truce to burying our heads in the sand while the people of the country are dying in misery and we are doing nothing to help them; a truce to ignoring the facts of this true opposition in the house, coherent at last, and dedicated in season and out of season to the cause of socialism.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I share the impatience expressed by some of the previous speakers at certain features of the debate, and the meagre promise given of remedial legislation designed to cope with the situation before us. The Prime Minister (Mr. Mackenzie King), the leader of the opposition (Mr. Bennett) and members on both sides of the chamber have made brief but impressive reference to the seriousness of the situation, and it is gratifying that there is agreement on this score. As some of our national problems overshadow all other considerations, I had hoped that at the opening of this parliament we might dispense with the customary exchange of partisan pleasantries or recriminations and address ourselves soberly to the pressing problems of the moment.

The situation as I view it not only places a grave responsibility upon the administration but constitutes a most acute crisis for the majority of our Canadian people. In my humble opinion it is not quite so important that we should carefully observe the ritual of a bygone day, as that we should observe the democratic traditions of a British parliament, by which this house may become an instrument for imperative social change and the necessary adaptation of our political approach to rapidly changing social and economic problems.

During this debate uncomfortable revelations have been made indicating that party considerations are frequently placed before national considerations. Quite properly reference has been made by many speakers to the necessity of preserving in this house the principles of democracy—"government of the people, by the people, for the people." But may I point out that nothing so imperils the security of our democracy as those appeals to the electorate designed to arouse prejudice rather than to establish a sound political consciousness, or a sane comprehensive outlook on our national problems. I feel that it is a sad day for our democracy when any party, simply by commanding extensive financial resources, may control the facilities of propaganda and thus obscure the real issues. It is to be deplored that attempts should have been made to exploit, in a coercive manner, the relationships between employer and employee. In my opinion such methods ultimately create grave distrust in our political institutions and cause many of our people to seek political expression through means usually regarded as unconstitutional.

In this respect I regret that hon. members on the other side of the house have chosen to speak slightingly of groups sitting in this corner. Whatever differences of opinion may exist, I submit that we represent a large body of opinion, an important cross-section of the electorate, composed of decent, law-abiding people, with decent aspirations, who sought with the ballot, in a constitutional manner, to register their protest against conditions which may be rightly regarded as intolerable, and to express their firm resolution to establish in this country for our people a more satisfactory way of living. Any intolerant or contemptous treatment of these views is not consistent with the best parliamentary tradition in Canada. Of all matters arising during the recent campaign the one which I think might be discussed to the greatest advantage is the fact that an increasing number of people in Canada are restless, not only because of the chilling fear of insecurity but also because of a growing distrust of our political institutions. Far too many people regard this house as merely an instrument to preserve the status quo rather than as a medium through which they may obtain redress for social and economic wrongs. I hope we may have some assurance from the Prime Minister that due recognition will be given to the views advocated by this and other minority groups, for arbitrarily and contemptuously to refuse consideration of these views so strongly desired by so many people would accentuate rather than minimize the gravity of the situation.

I make these remarks in the light of recent experience. Before my departure to attend this session I took the opportunity to cross the constituency which I represent here in

order to secure as far as possible some discussion of the problems which, in the opinion of the electors, should be brought to the attention of the house. In my opinion it was a wholesome sign that there participated in these meetings and discussions many who had not found it possible to support the platform on which I was elected. They were willing to lay aside partisan considerations and bitterness and to enter into these discussions. I found that they were not concerned in any great degree with party considerations or party aggrandizement but that they were mainly concerned with the solution of those problems that weigh most heavily at the present time on all sections of our community. I can safely say, Mr. Speaker, that in the constituency of Vancouver North but a very small percentage of the population enjoys any reasonable degree of economic security, and we have had to face some of the more ghastly phases of destitution and want.

Should I be suspected of exaggeration you need not accept my unsupported statement. Ask the doctors, the nurses, the social welfare workers in the more thickly populated areas. Ask such men as the Reverend John Antle of the Columbia coast mission and his assistants, who now must minister not only to the spiritual but also to the physical needs of the people facing great hardships along the coasts of British Columbia. If you could step on that mission ship to-night you would find it laden with clothing required for women and children who otherwise would be without. They are making a valiant attempt to cope with a situation for which as yet adequate provision has not been made by the state. All these people will tell you that they are facing conditions that may be described as nothing short of appalling and that constitute an ugly blot on our Canadian life.

In my effort to gain some insight into the desires of the electors of my constituency I found that it was these matters about which they were mainly concerned. They asked me what might be done to relieve the distress and degradation imposed upon their fellows in their communities. They asked me how they might regain some reasonable degree of security and escape the precarious modes of living which they must now undertake. They asked me what might be done more properly to equate consumption needs with their ability to produce the things needed for a satisfactory standard of living. Not once but several times I was reminded, "Mr. MacNeil, I hope when you reach Ottawa you will not forget us poor folk"— a very touching plea. I mention this now not for reasons of sentiment, but because it reveals a very general belief that too often in the deliberations of the house the interests of the common folk are relegated to the background.

I believe, sir, in the expression of its views the house should more clearly and definitely reflect this anxiety, this concern of the great majority of the electors of this country. It is of very little advantage to promote the temporary prosperity of the few while the many are permanently depressed, and I submit that unless we place these considerations above all others during this and succeeding sessions, not only the present administration but parliament itself will forfeit, and rightly forfeit, the confidence of the people.

I am especially interested in the reference made in the speech from the throne to unemployment. I find there scant comfort for those who must now endure the tragic consequences of a prolonged period of unemployment. Of these problems I may claim, sir, to have intimate knowledge, gained through painful personal experience. On numerous occasions I have been delegated to present the views of the unemployed before the local authorities, so I think I may claim to hold, to some extent, a special brief for the unemployed. I know something of the barriers that, under present conditions, confront men who by industry and thrift are attempting to rehabilitate themselves in our national life. My plea on behalf of the unemployed is not for more compassionate consideration of their needs, though heaven knows they need more compassionate consideration. My plea is that conditions at present existing among our unemployed in Canada should be dealt with more definitely from the standpoint of the public interest, for it is not in the public interest that we should any longer permit the perpetuation of conditions that have shattered so many of our Canadian homes and wrecked the lives of thousands of our young people.

The true nature of the problem is not revealed in the official statistics available; nevertheless these statistics give some inkling of the magnitude of the problem. We know that in Canada to-day there are over a million people so destitute of this world's goods that they must appeal for aid from the public treasury. We know that an equally large number are in almost as serious a plight, sometimes on relief and sometimes off, always on the fringe of destitution and subject to almost unendurable insecurity. We also know that prior to the end of December, 1935, a sum in excess of $500,000,000 has been expended from the federal, provincial and municipal treasuries under relief measures, and this vast sum does not include

enormous amounts collected and disbursed by semi-public charitable institutions. We know that there has been serious exploitation of the unemployed by unscrupulous employers of labour, and this situation has tended to lower wage levels and in that respect has dealt serious injury to the working class in this country. The cumulative results of this prolonged period of unemployment, coupled with inadequate relief measures, are not generally understood. It is easy to say glibly that over a million people in Canada are destitute to the degree that they must accept public relief, but to understand the situation properly it must be thought of in terms of the lack in those homes of butter and sugar and meat and proper clothing, of living under leaky roofs and without proper sanitary facilities. We must recognize that due to the long continuance of unemployment people have been unable to replace articles of household equipment necessary for healthy living. In many sections of the constituency which I represent people are herded in slum housing conditions that will soon be as bad as those we read of with horror in the cities of Europe. This not only results in the impairment of physical health and a consequent national loss, but constitutes a grave threat to the national welfare, for if an epidemic should break out among people living under such conditions it would menace not only them but the entire community. In this and other respects unemployment is a threat to the welfare of the entire nation.

Another consideration that is generally overlooked is that prolonged unemployment has resulted in serious deterioration of manual skill. You see this as you observe men struggling to regain a foothold in industry after three or four years of enforced idleness; they find it extremely difficult to regain the skill demanded in modern industry. Many are falling by the wayside. This is particularly noticeable in the relief camps. Recently I spent some time visiting several of the larger relief camps in British Columbia. I was extended every courtesy. I admit that these camps are conducted as well as possible under the circumstances. They are often referred to as slave compounds; I am not inclined to use that description tonight, but my impression of them is one of human scrap heaps. There you find young men with no outlet for their talents, no hope of regaining their rightful place in the life of the community. It was suggested by one speaker that the average stay in these camps is only ninety-five days, but I found men there who have fallen into such a state of hopelessness, who have lost ambition to the extent that they have been in those camps two or three years without making any attempt even to reach the nearest city. I heartily concur in the remarks of the Minister of Labour (Mr. Rogers) that this atmosphere of hopelessness is something that should cause us grave concern. Men are scrapped, given no opportunity. It is suggested that educational facilities have been provided, but I ask any hon. member to explain to me how under such conditions the inmates of these camps can profitably pursue studies or even read. Let any one examine the supply of literature, the magazines, and he will realize that it is absurd to say that the men are being given educational or even proper recreational facilities. All these conditions tend to produce an attitude of apathy and hopelessness that in my opinion is terrible. I suggest that in considering further public expenditures beyond the staggering sums already disbursed we should insist that such expenditures should represent not so much a grudging dole, not so much a cheap form of insurance against social disorder but a genuine investment in the rehabilitation of human lives.

In this connection I deplore very much official statements sometimes appearing in the public press to the effect that relief has become a racket. This creates the impression that in the official mind the unemployed are regarded merely as a tiresome responsibility, as a group of people who have not jobs and so must be fed. I am in a position to give the lie direct to the statement often made that the unemployed consist largely of those who have no work because they will not work. Anyone who has made a careful study of the situation knows that the army of the unemployed is recruited from all walks of life, represents all trades, all professions, all occupations. Above all, they are human beings, and unemployment does terrible things to human beings. And they are not just an appendage to the nation, they are our own people; they are in and of the nation, and what touches one touches all. I have met many men who have lost members of their family in recent years; one man in particular lost his wife because she was unable to obtain adequate medical attention when required. He shook his fist in my face and said, "MacNeil, they murdered my wife," and when I considered the circumstances related by him I could not quarrel with that statement. We should consider the situation revealed in a recent statement by a mother in

Vancouver, who found to her horror that her son, after having spent years moping around the home while the family was on relief, had become involved in the underworld. These conditions have engendered bitterness which I feel has some justification.

In the speech from the throne the government proposes stimulation of industry by various methods. May I point out that even if by trade agreements or other legislation industry could be restored to, let us say, the production level of 1929, yet by reason of the technological advance of industry there would still be no work for fifty per cent of our unemployed. It is proposed that a commission be established. I have a vision of how that message will be received by the unemployed. They will ask, as did the leader of the opposition (Mr. Bennett): What for? Is it for further inquiry, or is it for the development of a policy to deal with this serious situation? May I direct the attention of the government to the fact that the conditions of the unemployed have already been investigated to the last humiliating item and in the most intimate manner. The magnitude of the problem is already fairly known, in general terms, and no good purpose could be served by any further inquiry into the matter. The facts are now before the government. I submit further that the problem is of such proportions that no commission appointed by the government could possibly evolve a policy which would adequately meet the situation or assume the responsibility which in my opinion should properly be borne by the administration and by members of this House of Commons. Under the system which has prevailed in the past these, our people, have been scrapped; they have been left to rot, and rot spreads. For these reasons the unemployment which is permitted to exist in Canada to-day is undermining the very stability of our national life. I would urge that because of these conditions we should now engage in a unified and national effort to wipe out the social injustices which find expression in the tragedies of unemployment.

One of the greatest problems related to that of unemployment is found in connection with a large number of ex-service men. About 50,000 Canadian and imperial ex-service men will be extremely disappointed because in the speech from the throne no reference has been made to steps which might be taken by the government to implement the recommendations of the Hyndman commission. I submit that procrastination in the solution of this problem is the more costly procedure.

[Mr. MacNeil.]

Able-bodied ex-service men must, of course, cast in their lot with their fellow workers. As I understand the situation, they do not desire any preferential treatment, but I submit that every consideration is due ex-service men who are physically handicapped but who are not eligible for benefits under the Pension Act or the War Veterans Allowance Act. Their problem has not yet been solved, and it would ease the general situation if certain well defined categories of ex-service men who are physically handicapped and have a special claim on the nation should be now taken off the labour market. I would urge upon the government that during this session an opportunity be provided for further discussion of this matter, and an examination of the evidence that has been so painstakingly prepared by large and important organizations of ex-service men.

The chief problem we must consider has to do with the security of our Canadian people, and using to some extent the words of a prominent United States business man I suggest that we will enjoy the wealth that is ours in Canada only as we endeavour to distribute that wealth equitably among all. We will enjoy security, that which so many of our people passionately desire, only as we establish security for all. We will enjoy economic liberty as well as the political liberty of which we boast, only as we liberate the masses of our people from the sordid and age-old struggle for food, shelter and clothing and make it possible for them to release their energies in the ways that are indicated by human aspirations.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, in the speech from the throne we find the statement that unemployment continues to be Canada's most urgent problem, and that the government intends to endeavour to put every man back to work. But to-day it is evident that unemployment is inherent in any system that does not deliberately make work, and it is therefore useless to hope that by increasing industrial activity it will ever be possible to reabsorb the total army of the unemployed. Under the heading of Sources of Unemployment, in the December issue of the Labour Gazette, page 1126, we find the following statement:

> The recent depression might never have reached such alarming proportions if the economic equilibrium of the world had not first of all been upset by the growth of unemployment right in the middle of a period of economic recovery and prosperity.

Stuart Chase, in dealing with this subject, points out that onward, from 1920 to 1929, in spite of the fact that the output of industry

was steadily increasing and that we had an era of prosperity, unemployment was steadily increasing at the same time. The time has evidently come when industrial efficiency apparently has little use for more man power in the great primary industries, no matter how much the output of industry increases. However, surely that is not any reason for sorrow. For generations past we have been striving to increase the productive capacity of man by the use of scientific inventions, and to-day we find that we have been so successful that we are actually in possession of surplus productive capacity, both machine and man power. We have emerged from an era of scarcity into an era of abundance, and we have reached that stage where it is both possible and logical that we should engage in an era of greater leisure. As Major Douglas has put the matter, the best brains are endeavouring to put this world out of work, to create what is miscalled an unemployment problem, but which in reality is a condition of greater leisure. A viewpoint similar to that is expressed by the League of Nations World Economic Survey of 1932-33, which report, in dealing with wages and social policy, states as follows:

> Considering the mechanization of industry from the standpoint of history, it becomes evident that the age of abundance is the goal towards which mankind has been striving since earliest days. That we are prone to look upon facilitation of production as a curse resulting in poverty and idleness, and not a blessed relief from toil, is merely an indication of the defective nature of our present economic system.

I should like to repeat that last sentence:

> That we are prone to look upon facilitation of production as a curse resulting in poverty and idleness, and not a blessed relief from toil, is merely an indication of the defective nature of our present economic system.

In this regard we should remember the words of Irving Fisher, as they appear in his book, Booms and Depressions. He points out the fact that "the depression was not caused by unemployment," and it also follows suit that even if it were possible to do away with unemployment we would not necessarily do away with the depression. For example: If we were to borrow a sufficient sum of money to put every man to work on a program of public works, what would be the result? There would be a tremendous increase in fixed debt charges; there would be higher prices, and eventually we would be actually decreasing the purchasing power of the people. Then again, if we were to put every man to work in industry, would we have found a solution of our difficulties? No. The result would be a major catastrophe, because we would produce tremendous quantities of goods which the people would not have the purchasing power to buy. The final result would be wholesale bankruptcies, followed eventually by wholesale unemployment, and the last stage of the people would be worse than the first.

It is also true to state that the depression is not the cause of unemployment, because unemployment has been steadily increasing in times of prosperity. We must realize that to-day unemployment is a sign of progress, and the only reason we are not in a position to take advantage of this progress is because, as the League of Nations has stated, we are operating under a defective economic system. Upon an investigation of the economic system, as our leader has already stated, we find that owing to certain practices industry fails to distribute sufficient purchasing power to buy back its own production. If that statement is correct, what would we expect to find as a result? We would find that there would be a large surplus of goods produced that the people would not be able to buy, and as industry could not continue to produce a surplus of goods that it could not sell it would be obliged to dismiss some of its employees. That in turn would decrease their purchasing power and decrease the effective demand as against the supply of goods, thereby resulting in more goods remaining unsold, and industry dismissing more men, and so the vicious circle would steadily narrow.

Is that not exactly the condition that we find throughout the world to-day? In the days before the machine era the profits of individual workers were small and as such were available as purchasing power; but to-day, owing to the great mechanization and centralization of industry, we find that the profits of the corporations are sufficiently large that their beneficiaries, even though they explore every form of luxury, do not need to spend their entire income, with the result that a portion of it is saved, and so long as it is saved it is not available as purchasing power. If it is eventually spent on goods it becomes available as purchasing power, but if on the other hand these savings become reinvested in new production and used as working capital, then there will be caused a permanent deficiency of purchasing power equal to the amount of the reinvestment. If this were a matter of only a few hundreds of thousands of dollars I would not take time to deal with it, but as there are many millions of dollars involved I shall deal with it at some length.

Mr. P. W. Martin, in his book Unemployment and Purchasing Power, has this to say on the question of reinvestment of savings:

> So long as the circulating medium of exchange is put to its two uses of (1) inducing production (i.e. paying wages and dividends) and (2) buying the production thus induced, alternately, industry can sell all it makes. But it must be alternately. When part of the community's purchasing power is used not to buy goods but to add to the working capital, this necessary alternation is not being observed; purchasing power is being used twice running for the same purpose. The circulating medium has short circuited as it were. Money which should have been used to purchase goods is being used, for the second time in succession, to induce further production, and, as an inevitable consequence more production will be induced than there is purchasing power available to buy it.

To show the great extent to which this practice takes place I should like to quote from the Pollack Foundation, from a book entitled Profits:

> Profits from industry in the U.S.A. in one year were $6,700,000,000. Of this amount $3,900,000,000 was paid out in dividends, and $2,800,000,000 was reinvested in new production.

Now this $2,800,000,000 had already entered into the cost of one set of goods, and instead of being made available to buy these goods it was immediately thrown into the cost of producing more goods. One purchasing power cannot pay for two costs, and yet we wonder at the absence of purchasing power.

Without taking time to deal with very many of the causes of the deficiency of purchasing power I might refer to the fact that depreciation charges also constitute a large part of the deficiency. Interest charges and profit charges, becoming afterwards reinvested, would also cause a deficiency. Then there is deflation, the results of which we know only too well, so I shall not take time to deal with them.

In view of these facts it becomes evident that the income of the people cannot buy the country's total production. Orthodox economists attack this statement on the ground that it does not need to, as people are not interested in buying capital goods such as plant and equipment. So let us follow the argument along these lines: that the income of the people as represented by payment of salaries, wages and dividends from the production of capital goods, plus salaries, wages and dividends from the production of consumption goods, is inadequate to pay the total price of consumption goods, unless you can have a volume of capital production sufficiently great that the payment of salaries, wages and dividends from the production of capital goods is equal to the amount of the deficiency that exists as between the total prices of ultimate goods and the amount of purchasing power distributed in their production. Now, if in order to bring about this equation we carry out a program of production of capital goods, what are we going to do with it? If we ship these goods to other countries we would have to demand gold in payment, and immediately we would find that every other country was attempting to do the same thing, and we would very soon be faced with a vanishing market. If we attempt to bring about this equation through a program of public works, how is it going to be financed? In the past it has been financed by borrowing money which has had to be repaid by taxation and there would be interest charges that would also have to be repaid by taxation, so that in the final analysis we would be actually decreasing purchasing power instead of increasing it. In support of this statement I would like to quote from an orthodox authority, Mr. Jackson Dodds, who appeared as a witness before the standing committee on banking and commerce in 1934, and gave evidence. He was being questioned by Mr. Irvine:

> Mr. Irvine: I am trying to get at this as basically as possible. I want to know if we have a depression now. The witness says we have. He has told us how the bankers discovered that there was a depression. I am now getting at what brought it here, and I am trying to arrive at that by a process of elimination. He says there is plenty of wealth, plenty of goods, and with plenty of resources we can make more. Well then, the question is, is it because of the incapacity of the Canadian peoples' stomachs and backs to use these goods within the last few years that we have this depression?
>
> Mr. Jackson Dodds: No, I would say it is because we cannot sell these goods.
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> Mr. Irvine: Why cannot we sell them?
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> Mr. Dodds: Because people outside the country won't buy them.
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> Mr. Irvine: What about the people inside the country?
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> Mr. Dodds: Well, the people inside the country are also doing business on the basis of what is sold outside the country, and if there is no business going on outside the country, that is, if we are not doing an international trade, business must fall off within the country.

That statement very ably backs up the contention of Major Douglas that it does not matter how great a wealth of goods you have within a country; you may be able to produce a surplus of every kind of commodity imaginable, but unless you can sell a certain proportion of those goods outside the country so that the salaries, wages and dividends paid

out in their production are equal to the amount of the deficiency of purchasing power that exists within the country it will be impossible for the people to buy the goods they require and that are available for distribution.

Borrowing money to finance a program of public works can be considered sound business only if the money can be borrowed without paying interest charges, and, second, if it never has to be repaid. In support of that I would like to go back to the year 1913 and follow the debt growth from that time on. We find that the total bonded indebtedness of Canada in 1913 stood at the figure of $2,132,000,000. By 1933 it had increased to $8,972,000,000, or an increase of 8 per cent compounded annually; in other words, an increase of 323 per cent in two decades. In 1913, it took 13 per cent of the net production of the country to pay the fixed debt charges. By 1933, it took 42·8 per cent of the net production of the country to pay the fixed debt charges. If we are going to continue in the future at the same rate that we have progressed in the past, it can be only a question of time before the fixed debt charges of the country will be greater than its total production. And then what will be the result? I suppose some members will tell us that, in order that the sacredness of the written contract may be maintained, the people of Canada must be prepared to starve, just as in the past some hon. members have told us that, in order that the sacredness of the written contract may be maintained, the people of Canada must be willing to tighten their belts. It would be interesting to know exactly what happens to the vast annual payment of debt. No doubt some of it will find its way into the pockets of the small investor and be used as purchasing power. But unfortunately by far the greater proportion of it will be lost as purchasing power by repayments of loans to the banks, cancellation of book entries, and also by being used for reinvestment purposes by the large investor.

The foregoing summary is sufficient to prove Major Douglas's contention that industry fails to distribute sufficient purchasing power to buy back its own production, with the result that there is a steady increase of unemployment, and also that there is a continual fight for foreign markets.

In view of these facts, what is the real problem before us to-day? Unemployment? No, because for generations past we have been striving to bring about an era of greater leisure, and the problem becomes merely one of bringing about a more equitable distribution of the work that there is to be done. Foreign markets? No, because we have in Canada a great market crying out for these goods, and the goods we do not require can be exchanged for those we cannot produce in Canada. No; the problem is: first, to stimulate the purchasing power of the people of Canada until it is equal to the capacity of industry to produce and deliver goods; second, as the capacity of industry to produce and deliver goods increases, to guarantee that the ability of the people to procure these goods shall be increased to a like degree. We claim that this can be accomplished only by financing consumption, and in order to do this it will be necessary to regain for the nation the control and issue of currency and credit. We should keep in mind that anything that is physically possible can be made financially possible; that the only real justification for production is consumption; that is, that the only real reason for producing goods is in order that they may be consumed. Therefore, before seeking foreign markets, let us be certain first of all that we have satisfied the requirements of our own people.

In closing I would like to remind the house of the words of Einstein regarding this subject, that:

> The purchasing power of the masses must never be allowed to fall below the collective prices of commodities.

In other words we must equate consumption with production.

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

YEAS

Messrs:

Coldwell	MacNeil
Douglas	Macphail, Miss
Heaps	Taylor (Nanaimo)
MacInnis	Woodsworth—8.

NAYS

Messrs:

Anderson	Bradette
Baker	Brooks
Barber	Brunelle
Barry	Cahan
Beaubien	Cameron (Hastings South)
Bennett	Cameron (Cape Breton North-Victoria)
Bertrand (Prescott)	Campbell
Bertrand (Laurier)	Cardin
Betts	Casselman
Black (Châteauguay-Huntingdon)	Chevrier (Ottawa East)
Blackmore	Chevrier (Stormont)
Blair	Church
Blais	Clark (Essex South)
Blanchette	Clarke (Rosedale)
Bothwell	
Bouchard	
Boulanger	

Cleaver
Cochrane
Crerar
Crète
Damude
Deachman
Denis
Deslauriers
Dubois
Duffus
Dunning
Dupuis
Dussault
Elliott
(Middlesex West)
Elliott (Kindersley)
Emmerson
Esling
Euler
Evans
Factor
Fafard
Fair
Farquhar
Ferguson
Ferland
Ferron
Fiset, Sir Eugène
Fleming
Fontaine
Fournier (Hull)
Fournier
(Maisonneuve-Rosemount)
Fraser
Furniss
Gardiner
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Goulet
Grant
Gray
Graydon
Green
Hall
Hamilton
Hansell
Hanson
Harris
Hartigan
Hayhurst
Hill
Howden
Howe
Hurtubise
Hushion
Hyndman
Ilsley
Isnor
Jaques
Jean
Johnston
(Bow River)
Johnston
(Lake Centre)
King, Mackenzie
Kinley
Kuhl
Lacombe
Lacroix (Beauce)
Lacroix (Quebec-Montmorency)
Lalonde
Landeryou
Lapointe
(Matapedia-Matane)
Lapointe
(Quebec East)
Lawson
Leader
Leclerc
Lennard
Little
Lockhart
Macdonald
(Brantford City)
MacKenzie (Neepawa)
Mackenzie
(Vancouver Centre)
MacKinnon
(Edmonton West)
MacLean (Prince)
MacLennan
MacMillan
MacNicol
MacRae
McCann
McCuaig
McCulloch
McDonald (Souris)
McDonald (Pontiac)
McGeer
McIntosh
McIvor
McKay
McKenzie
(Lambton-Kent)
McKinnon (Kenora-Rainy River)
McLarty
McLean
(Simcoe East)
McLean (Melfort)
McNevin
(Victoria, Ont.)
McNiven
(Regina City)
McPhee
Mallette
Marshall
Martin
Massey
Maybank
Michaud
Mitchell
Motherwell
Mullins
Mulock
Mutch
Needham
Neill
O'Neill
Parent (Quebec West and South)
Parent (Terrebonne)
Patterson
Pelletier
Perras
Plaxton
Plunkett
Poole
Pottier
Pouliot
Power
Purdy
Quelch
Raymond
Reid
Rennie
Rhéaume
Rickard
Rinfret
Roberge
Robichaud
Rogers
Ross
(Middlesex East)
Ross
(Moose Jaw)
Rowe (Athabaska)
Rowe
(Dufferin-Simcoe)
Ryan
St-Père
Sanderson
Senn
Sinclair
Slaght
Spence
Stewart
Stirling
Streight
Sylvester
Taylor (Norfolk)
Thompson
Thorson
Tomlinson
Tremblay
Tucker
Turgeon
Turner
Tustin
Veniot
Verville
Vien
Ward
Weir
Wermenlinger
White
Wilton
Winkler
Wood
Young—208.

Main motion (Mr. Slaght) agreed to.

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

That the address be engrossed and transmitted to His Excellency the Governor General by such members of the house as are of the honourable the Privy Council.

Motion agreed to.

SUPPLY

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

That this house will, on Friday next, resolve itself into a committee to consider of a supply to be granted to His Majesty.

Motion agreed to.

WAYS AND MEANS

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

That this house will, on Friday next, resolve itself into a committee to consider of the ways and means for raising the supply to be granted to His Majesty.

Motion agreed to.

THE DEPUTY SPEAKER

ELECTION OF MR. FREDERICK GEORGE SANDERSON, MEMBER FOR PERTH

Right Hon. W. L. MACKENZIE KING (Prime Minister): The next duty of the house, Mr. Speaker, once the address to His Excellency has been agreed on, is to elect the chairman of the committees of the house, who will also be the Deputy Speaker. Standing order 56, under which this procedure is taken, provides that the member elected to serve as Deputy Speaker shall be required to possess the full and practical knowledge of the language which is other than that of the Speaker for the time being.

I desire to propose to the house, seconded by Mr. Lapointe:

That Frederick George Sanderson, Esquire, member for the electoral district of Perth, be appointed Chairman of the committees of the whole house.

May I observe that the duties of Chairman of Committees and Deputy Speaker are almost as important and onerous as those of the Speaker himself. The qualifications required of the Deputy Speaker and Chairman of Committees are similar to those which are expected of the Speaker of the house, and which I think we have already discussed very fully. I am quite sure that all hon. members who were in previous parliaments with Mr. Sanderson—he has been here for over ten years—will agree that in that time he won the respect and good will of the members generally. If appointed to this joint position, he will prove, I am sure, persona grata to all parties in the House of Commons, and will discharge the duties thereof with impartiality and dignity. I therefore beg to move the resolution I have just read.

Right Hon. R. B. BENNETT (Leader of the Opposition): Is this not a motion requiring notice?

Mr. MACKENZIE KING: No. The rules provide that as soon as the address is disposed of the house shall proceed immediately to the appointment of a Chairman of Committees and Deputy Speaker.

Mr. BENNETT: My memory is that we had to give notice of it.

Mr. LAPOINTE: No, never.

Mr. BENNETT: There never was a time, Mr. Speaker, when it was more important that those who preside over this house, whether the house is sitting as such or in committee, should be fair and impartial and not create a feeling of resentment on the part of those who comprise the minority. In the selection of Mr. Sanderson I have no fault to find with the government, because the responsibility must rest entirely with them, but those of us who have suffered from the violence of partisan attacks in the past in the house will hope that there will be such a measure of improvement in the hon. gentleman when he assumes the position of Deputy Speaker as will warrant us in having confidence in his impartiality and faith in his judgment.

Mr. MACKENZIE KING: I cannot allow my right hon. friend to say that any party in the house has suffered from any acts of partisanship on the part of any presiding officer.

Mr. BENNETT: That is not what I said.

Mr. MACKENZIE KING: I can never find out what my right hon. friend does say. He says one thing—

Mr. BENNETT: I cannot be responsible for my right hon. friend's lack of intelligence, much as I may be responsible for other things. I have not said that. If anyone had taken the trouble to listen he would know exactly what I did say. I said that I hoped we would not suffer from partisanship such as we have had to suffer from the hon. gentleman who is now being asked to preside over the committees of the house.

Mr. JEAN FRANCOIS POULIOT (Témiscouata): As one who suffered so much from injustice in every shape, manner and form during the long five years while the right hon. gentleman who is now leader of the opposition (Mr. Bennett) was leader of the government, may I say that at that time he did not know what fairness was. I was called to order at every opportunity, and most of the times when I was called to order I was in the right. I could hardly speak. When it came to a decision of the chair, the chair gave wholesale decisions instead of ruling on each point as it came up.

Mr. BENNETT: I rise to a question of privilege. It is all right, Mr. Speaker, to endeavour to convert the House of Commons into a comedy, but when hon. gentlemen rise in their places and make reflections on the chair, I claim—

Some hon. MEMBERS: Order.

Mr. BENNETT: —that it is the duty of the chair—

Mr. POULIOT: I rise to a question of privilege. There was no comedy, but if there was, the right hon. gentleman was the actor and I was his manager.

Mr. SPEAKER: I declare the incident closed.

Motion agreed to.

MAIN ESTIMATES, 1936-37

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That the message of His Excellency the Governor General received by this house on Tuesday, 11th instant, and the estimates for the year 1936-37 transmitted therewith, be referred to the committee of supply.

Right Hon. R. B. BENNETT (Leader of the Opposition): On a question of procedure, must we not wait until the setting up of the committee of supply before that motion is made? The committee could be set up to-morrow.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The committee of supply is a committee of the whole house. A motion was adopted to set it up, and my right hon. friend supported that motion.

Mr. BENNETT: The right hon. gentleman moved a moment ago that on Friday next a motion would be made to set up the committee of supply and the committee of ways and means. That was the motion put to this house.

Mr. SPEAKER: The motion was put and carried to-day to set up these committees to-morrow.

Mr. BENNETT: But the committees are not set up until to-morrow.

Mr. MACKENZIE KING: May I say to my right hon. friend that if the objection he raises would in any way assist the house in the matter of its business there might be some point to it, but it seems to me that when the committee has been established in the usual form and language it is quite proper that the estimates should be immediately referred to that committee. This has been done at every previous session of parliament, as my right hon. friend knows. However, I shall now move the adjournment of the house.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING moved the adjournment of the house.

Mr. BENNETT: I was asking the question only for information.

Mr. MACKENZIE KING: The motion is that the house do now adjourn.

Mr. BENNETT: There was another motion before the house, and it was not disposed of.

[Mr. Speaker.]

Mr. MACKENZIE KING: No. I move that the house do now adjourn.

Mr. SPEAKER: Carried.

Mr. MACKENZIE KING: In regard to to-morrow's business I do not know whether my right hon. friend would oblige the house by consenting to our going into committee of supply to-morrow. I know there is a rule to the effect that on Thursdays and Fridays we cannot take up consideration of the estimates of any departments of which an item has not been called earlier in the week, but I will give an undertaking that no estimates will be discussed that—

Mr. BENNETT: The house has adjourned, as I understand the matter.

Mr. MACKENZIE KING: I was simply seeking to reach an understanding on to-morrow's business. Very well; the house has adjourned.

Motion agreed to and the house adjourned at 10.25 p.m.

Friday, February 14, 1936

The house met at three o'clock.

MAIN ESTIMATES, 1936-37

Hon. CHARLES A DUNNING (Minister of Finance) moved:

That the message of His Excellency the Governor General received by this house on Tuesday, 11th instant, and the estimates for the year 1936-37 transmitted therewith, be referred to the committee of supply.

Motion agreed to.

PRIVILEGE—Mr. MacINNIS

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I wish to raise a question of privilege, in reference to a statement I made in the house on Wednesday last. I read the statement from page 151 of Hansard:

However that did not prevent the Liberal party from helping the communists in Vancouver East. I am told that the communist candidate in Vancouver East did not put in an account of his election expenses, and I understand his reason for refraining was, as he stated, that the Liberal party had provided the funds and that it was up to them to put in the expense account.

Since that time I have received information from Mr. Bruce, who was the communist candidate, that my statement was not correct. As he has no one here to make the statement for him, I wish to put that on record.

HYNDMAN REPORT

On the orders of the day:

Mr. H. E. WILTON (West Hamilton): I should like to ask a question of the Minister of Pensions (Mr. Power). Is it the intention of the government during the present session to implement the Hyndman report in respect to providing employment for war veterans disabled or otherwise?

Hon. C. G. POWER (Minister of Pensions and National Health): The hon. member for West Hamilton (Mr. Wilton) was courteous enough to give me notice of the question, and I thank him for doing so. No doubt he is aware that the Hyndman report contains something like twenty-four recommendations with respect to ex-service men, of which eight deal with the problem of unemployment and sixteen with what is called unemployment assistance. Of these recommendations a considerable number were implemented by the late government, and some few have been implemented since. At the present time the remainder are receiving the serious consideration of the government, and I anticipate that within a very short time I shall be in a position to make a statement to the house.

BUSINESS OF THE HOUSE

PROCEDURE IN APPOINTMENT OF COMMITTEES OF SUPPLY AND WAYS AND MEANS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, when we reach government orders it is my intention to ask the house to consider order No. 1, which relates to supply. That there may be no possibility of further misunderstanding between my right hon. friend the leader of the opposition (Mr. Bennett) and myself with respect to the committee having been properly constituted by the action taken by the house last evening, I have asked the clerk of the house to let me have a memorandum which I could read to the house and which would set forth accurately the position with respect to the appointment of the two committees of the whole house, namely the committee of supply and the committee of ways and means.

The following is the memorandum I have received:

> There is only one way to appoint the committee of supply. It is done by moving that the house will at a future sitting resolve itself into a committee to consider of a supply to be granted to His Majesty. When this motion has passed, the committee is in existence. The same practice is followed in Great Britain, where standing order No. 14 states:
>
> "This house will, in future, appoint the committee of supply and ways and means at the commencement of every session, so soon as an address has been agreed to, in answer to His Majesty's speech."
>
> May, page 520, says:
>
> "The action taken by the House of Commons upon the demand of aid and supply for the public service made by the speech from the throne is the appointment, pursuant to standing order No. 14, of those committees of the whole house, which are known as the committee of supply and the committee of ways and means. Motions setting up these committees are made immediately after the house agrees to the address in answer to the speech from the throne, and are put forthwith from the chair, no debate being permitted thereon."
>
> It was not merely a notice that was given last night, February 13th. It was the actual appointment. The committee is now in existence, but it cannot sit until a motion has passed for the Speaker to leave the chair except on Thursdays and Fridays when he does so under standing order 28.

I also looked up Hansard of last year to see what was done at that time with respect to the appointment of these committees, and the referring of the estimates to the committee of supply. At page 153 of Hansard it will be seen that the Minister of Finance moved:

> That the estimates tabled on the 23rd instant, together with the accompanying message of His Excellency, be referred to the committee of supply.

The motion was agreed to. This motion to refer the estimates was made immediately after the motion appointing the committees of supply and of ways and means. The motion reads as follows:

> That this house will at its next sitting resolve itself into a committee to consider of a supply to be granted to His Majesty.

There was a similar motion with respect to the committee of ways and means.

May I point out that under the rules of the house, if the government calls the order with respect to supply, the Speaker on Friday leaves the chair without motion being put.

It is the desire of the government to proceed as rapidly as possible with government business, and the order respecting supply will be called immediately. When the house is in committee of supply and the deputy speaker is in the chair, the committee will have the estimates before it. As none of the estimates, however, have been considered in the early part of the week, that is to say on Monday, Tuesday or Wednesday, unless the house gives its unanimous consent, the government cannot consider estimates of any department of which an item has not already been called at some previous sitting of the committee of the whole. It will be necessary, therefore, for us to obtain the unanimous consent of the house to take up any supply.

I hope hon. members will find it possible to give their consent to permit the house to proceed immediately with the estimates. If that consent is given, it is proposed this afternoon to give consideration to estimates of the Department of Public Works, and this evening to those of the Department of Agriculture. I should like to point out the importance of progress being made as rapidly as possible with government business. It is in the public interest that this should be done, and I am sure it is equally the desire of hon. members that at this session in particular we should proceed as rapidly as possible with the business of the session. The government sought to have the estimates placed before hon. members at as early a moment as was possible in the session. The estimates have been before hon. members now for some days. I hope, therefore, that when the house resolves itself into committee of supply, consent will be given to discuss the estimates of the departments to which reference has been made. In the event of there being any item called which is likely to be contentious, and which hon. members may wish to have held over for discussion at another time, it will not be proceeded with. I would ask the clerk to call order No. 1.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, in view of what the right hon. gentleman has said I should like to direct attention to the fact that it is not regular to read an opinion of the clerk of the house with respect to these matters. Questions of procedure are dealt with by the Speaker, who, for the first time, according to a statement made by a Speaker of the British House of Commons, had the assistance of the late Sir Erskine May, Lord Farnborough, who had written a book on procedure. At that time the Speaker referred to the fact that for the first time he was able to command the assistance of so eminent an authority as the clerk at the table.

I do not in any way suggest that the procedure taken last evening by the right hon. gentleman opposite (Mr. Mackenzie King) was in any sense irregular. In fact, I agreed with the motion. He made two motions, one being as follows:

> That the house will, on Friday next, resolve itself into a committee to consider of a supply to be granted to His Majesty.

And the further motion:

> That this house will, on Friday next, resolve itself into a committee to consider of the ways and means for raising the supply to be granted to His Majesty.

Both motions were agreed to without discussion. Those are the usual motions, as they may be found in the journals of the house for all these years. Those two motions having been agreed to, I merely asked, as a question of procedure, whether or not the motion to refer the estimates to the committee of supply was a proper procedure, before the committee was set up. As a matter of fact, my question was in these words:

> On a question of procedure, must we not wait until the setting up of the committee on supply before that motion is made? The committee could be set up to-morrow.

As a matter of fact, what the right hon. gentleman has said is correct so far as the committee is concerned. But there must be a motion, before estimates can be taken up, that the Speaker do leave the chair, usually with the deputy speaker taking the chair in committee. And as there was no provision for the Speaker to leave the chair on Friday, under our rules as they now exist, I was asking whether or not the committee should be set up. As a matter of fact that is hardly the correct way to put it. The committee was; it would be correct to say that it was not under our rules competent to move the Speaker out of the chair and take up estimates to-morrow. That is now admitted by the right hon. gentleman.

But I did not object; I merely asked a simple question, and the reason I did so was this: When I was in office a motion was made with respect to the estimates, and a question was brought to my attention by the clerk as to whether or not it was proper to make that motion. After my attention was directed to it I had some doubts about it, and communicated that to the house. I merely asked a question with respect to procedure, without any desire to impede or in any sense to interfere with the conduct of public business; but I am not unmindful of the fact that when for the first time I was charged with the responsibility for the conduct of public business the right hon. gentleman said that I should have had everything prepared, and that I should not ask the house to agree unanimously to certain procedure. It was suggested that the business should be ready, and that here we were, without any business. That was on the second day in which I occupied the seat now occupied by the right hon. gentleman. I was not even thinking of that when I asked a civil question with respect to the question of procedure.

Leaving that for the moment I would say that the right hon. gentleman now suggests that the motion be made unanimous, that the Speaker do now leave the chair, and that the house take up the estimates of two depart-

ments, namely those of the departments of Public Works and Agriculture. Certainly I have every desire to facilitate the business of the house, and I do not purpose raising any objection to such a motion being made, except to the extent that it may prejudice the rights of some hon. member who may desire to make a motion on the days he is entitled to do so with respect to the Speaker leaving the chair. After all, this house has made its own rules, and they cannot be disregarded without the unanimous consent of the house. I take it that if the motion is made unanimous that the Speaker do now leave the chair, any member who desires to express his opinion with respect to existing conditions, or desires to bring his grievance to the attention of the house before supply is granted, may do so as though it was a regular motion.

Hon. members on this side of the house have been endeavouring to familiarize themselves with the estimates for the purpose of carrying on an intelligent discussion, and I suggest that it might be well to confine the discussion of estimates to those matters which, while not statutory in form, must be voted as a matter of course to enable the public service of the country to be carried on. So far as the Department of Public Works is concerned, there are some votes which might be passed without question, but they will be few in number. So far as the Department of Agriculture is concerned, that being one of the departments in which a substantial change in the personnel has taken place, many questions will be asked, and inasmuch as every time a department goes into supply the opportunity is lessened of any hon. member bringing any grievance he may have to the attention of the country on the motion that the Speaker do now leave the chair, I think it might be well to confine our activities in the estimates to those items which are plainly non-controversial and about which there can be no doubt that they have to be voted as a matter of course, even though they appear in the estimates in the form in which they do.

Mr. MACKENZIE KING: Mr. Speaker, as my right hon. friend is so obliging I shall not refer further to any possible differences between us. The record will disclose as between us who was in the right and who was in the wrong. May I say, however, as respects quoting from a memorandum given to me by the clerk of the house that I think my procedure in that particular was wholly correct. I did not need to mention the clerk's name at all; I might have taken the whole credit to myself. Seeing, however, that I had asked the clerk to give me a memorandum, he being a recognized authority on rules and procedure, and knowing that very probably His Honour the Speaker, had I conferred with him, would have handed me the same memorandum, I thought I would give credit where credit was due and quote an authority that might appeal more perhaps to my right hon. friend at this moment than were I to have quoted the Speaker himself.

SUPPLY

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Mr. SPEAKER: By leave of the house.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF PUBLIC WORKS

Public buildings—Nova Scotia—
Bridgetown—public building, $5,000.
Halifax — maintenance of immigration quarters, $25,000.
New Waterford—public building, $9,500.

Hon. P. J. A. CARDIN (Minister of Public Works): Mr. Chairman, before going into the estimates in detail I think it is only proper that I should make the statement that these main estimates do not provide for any new work. We are providing only for the necessary amounts to complete works already undertaken, and we are asking the committee to revote also certain amounts of money which have not been expended. With regard to the first item of $5,000 for a public building at Bridgetown, work on this building has been carried on up to the present moment and a further amount of $5,000 is required to complete the building.

Mr. STEWART: Mr. Chairman, before the item is carried I think it advisable, if the minister is in a position to do so, that he inform the committee of the general policy of the government in connection with public works. In the past there has been a program of public works with respect to buildings, and then a supplementary program with regard to other works. I noticed in the press this morning a statement that the government had under consideration an extensive program of public works of a kind perhaps different from those provided for in the estimates, and it seems to me that it would facilitate the work of the committee and the consideration of the estimates if the minister would outline what the policy of the government is for the

coming fiscal year in connection with such works. I have gone over the estimates and I find, as the minister says, that a large number of items relate to the completion of buildings undertaken by the former government, and in so far as moneys for this purpose are necessary there will be no objection, I am sure, from those on this side, certainly none from myself, because I feel a responsibility in the matter of facilitating the completion of any buildings already under way.

I wish also to point out to the committee that during the last few years the late government undertook, as a combined measure for the relief of unemployment and for the improvement of our public buildings, a fairly extensive program of repairs and alterations. It does appear to me that the public buildings throughout the dominion must now be in pretty good condition.

Sir EUGENE FISET: Not in all counties.

Mr. STEWART: No, but in most, and I think the buildings in my hon. friend's county are in good shape; he has not been neglected, I am sure he will agree. I want to emphasize the necessity of continuing that policy, and so far as I am concerned any request for moneys which the minister might make for the purpose of keeping the public buildings in Canada in a thorough state of repair I shall be glad to support. It is false economy to allow buildings to get into disrepair. A stitch in time saves nine. Unfortunately in years of stress and financial difficulty there may be a tendency to overlook some necessary repairs, but as I say, we have pretty well overtaken those repairs, and I hope the minister will continue the policy of keeping our public buildings in first class condition. The work was undertaken during the late administration for the double purpose of supplying tradesmen and mechanics with a measure of employment—and I am glad to say that in a measure the program met that requirement —and of keeping the buildings in repair.

Coming to the vote before us, the first item of $5,000 for a public building at Bridgetown is a revote; there is no objection to that. The second item, $25,000 for the maintenance of immigration quarters at Halifax, is the same amount as last year. Is this just the regular maintenance, or what is contemplated?

Mr. CARDIN: Just the regular maintenance.

Mr. STEWART: Then there is an item of $9,500 for a public building at New Waterford.

[Mr. Stewart.]

This is a revote. Will this amount complete the building?

Mr. CARDIN: Yes.

Mr. DUNNING: I must apologize for not having made a general statement at the time of the constitution of this committee regarding the government's policy with respect to estimates. This would have answered the inquiry of the hon. member for Leeds (Mr. Stewart). In the preparation of the estimates now before the committee it was the intention to present what might be called broadly the normal cost of administering the country, leaving out all those extraordinary matters to which my hon. friend has referred and which in past years have been dealt with by means of what has come to be described as the blank cheque method. It is the intention of the government to present further estimates which will be known, for lack of a better name at the moment, as emergency supplementary estimates, designed to provide for all expenditures of an emergency character which are necessary because of the condition in which the country finds itself at the present time. The emergency expenditures to which I refer are those connected with relief in its various forms; with programs with respect to work of any kind arising out of the necessity of creating work; with railway deficits and all other matters which might be described as extraordinary in their nature and which are not associated with the normal operations of the country. Our intention is to set forth to the house as clearly as possible what is required over and above the normal cost of running the institutions of government due to the conditions which prevail at the present time.

Mr. HEAPS: I did not know that a railway deficit was something extraordinary; I thought it was something quite ordinary so far as we in this house are concerned. I do think we should have some information from the government at this stage as to what they intend doing with regard to a building program. The Minister of Finance (Mr. Dunning) has informed us that the government will bring down emergency estimates, but I think the character and extent of these estimates ought to be known to the people of this country. There is no part of our population that has been hit harder than those engaged in the building industry, and it is desirable at this time when we are discussing public works estimates that we should have an authoritative statement from the government setting out what they intend doing in the near future in this particular respect.

Mr. MACKENZIE KING: A building program is under consideration and it will be announced as soon as the government has reached a final decision upon it. I hope this assurance will serve to meet what my hon. friend has in mind. I give him the assurance that the government has under consideration such a program and it will be brought before the house at an early date.

Item agreed to.

Public buildings—New Brunswick—
Perth—public building, $9,000.
Rexton—public building, $2,500.
St. Andrews—public building, $13,000.
St. George—public building, $19,500.
Saint John quarantine station—Partridge island—improvements, alterations and repairs, $7,000.

Mr. CARDIN: The observations made with regard to item 87 apply to this item. There is nothing new in the item; it is to complete works already undertaken.

Mr. STEWART: Take the Saint John quarantine station, Partridge island. This vote is slightly in excess of the amount voted last year. Would the minister explain what is contemplated to be done to this station? I thought the building was in good shape.

Mr. CARDIN: The amount of $7,000 is required for general repairs and improvements as requested by the deputy minister of Pensions and National Health in a communication dated December, 1935. The amount of $7,000 is made up of the following items:

To provide for leaks that may develop in water pipe line under bay, supplying water to station, $2,000.
Disinfection building: Replacing piping by copper in bath division, replacing three exterior doors. Shingling portion of rear exterior, renewing steps at rear, caulking windows and redecorating where paint damaged, $1,525.
Staff residences: Roof repairs and renewals, repairs to exterior painting, renewing heating, $1,900.
General: Installation of suitable boxes to water shutoffs, $400.
Laboratory: Exterior repairs and painting, $150.
Materials: Paint, furnace parts, etc., for station staff, $1,025.

Mr. STEWART: Will that put the building in a good state of repair?

Mr. CARDIN: That is the information I have received from the officers of the department who have made a survey.

Mr. STEWART: Is the building all in use?

Mr. CARDIN: My information is that it is all in use.

Mr. STIRLING: Could the minister give the committee an explanation as to the relation between a sum voted this year, a sum voted last year and a revote? There are many new members in the house and I am quite sure that such information would be of interest to them if not to some of us who have been here for a number of years and who often get befogged with this question. Take as an illustration the public building at St. Andrews. Last year $45,000 was voted; this year $13,000 is required and $9,500 is shown as a revote. Are we to assume that of the $45,000 voted last year; $36,500 has been spent already and $9,500 is yet required to be expended, while $3,500 is required over and above the estimate for extras or for fittings or other things?

Sir EUGENE FISET: Your statement is absolutely clear.

Mr. CARDIN: The revote is the unused portion of the money voted the year before. In those cases where the amount seems to be higher it is because we need a little more money than was voted last year in order to complete a work which has been started. This is the explanation of the discrepancy to which the hon. gentleman calls my attention.

Mr. STIRLING: It does not necessarily imply that there are extras on the work estimated for last year, but rather that the work has been found to be more expensive.

Mr. CARDIN: That is the case exactly. When we find that we require an amount larger than the amount voted the year before, we ask for a revote and the amount is mentioned in the revote column. That is an amount taken from the estimates of last year.

Mr. PELLETIER: Am I right in assuming that there is $9,500 brought forward from last year and that in addition the sum of $13,000 is required, bringing this year's estimates to $22,500?

Mr. CARDIN: No. This year we require $13,000 instead of $9,500, the difference being accounted for by the changes made in the plans, or unforeseen expenses that were not contemplated when the amount of $45,000 was voted. If there were no extra costs involved, $9,500 would be sufficient; but owing to expenditures not contemplated at the time we are obliged to ask for the higher amount.

Mr. SENN: Will the minister explain why the item at the end of No. 88 is included, "Appropriations not required for 1936-37, $20,000."

Mr. CARDIN: There was money voted last year that was not expended, and we do not propose to go on with the undertakings

covered by the amount indicated here as appropriations not required. There is $20,000 in connection with New Brunswick.

Mr. SENN: Will the minister itemize that?

Mr. CARDIN: The $20,000 is for an addition to the armouries.

Mr. STEWART: The minister's explanation as to the revote of the amount required is quite satisfactory to me, but it does not follow that in all cases the extra amount is for extras or changes or alterations. There may be instances in which the tenders invited publicly have exceeded the amount of the estimate, and that is the only omission, I think, which the minister made in his concise and very comprehensive statement. Some of these additional amounts, over and above the amount voted last year, may be due to the fact that the estimate of last year was insufficient to meet the amount of the public tender. As the minister will find out, and as he no doubt already knows from experience, estimates are often prepared and submitted to the house without that complete information which a greater amount of time would enable the department to secure. It is decided, for instance, to erect a public building at a particular place and the architect is asked to give an estimate of the cost. From his experience in matters of that kind he can roughly estimate what the cost of the building will be; but if the estimate is to be brought before the house and the work got under way he may not have an opportunity of going into the details and ascertaining local conditions—and local conditions do vary from time to time. So that, giving the chief architect and his staff credit for the best intentions and everything they can do to ascertain the cost, there may be factors which leave their estimate insufficient. They always try to keep their estimates down as much as possible. That, I think, is the only amplification the committee should have of the statement made by the minister. In some instances at least the amount of a tender, without changes or alterations, exceeds the amount of the estimate.

Mr. CARDIN: My hon. friend is correct and I thank him for supplementing the observations I made on that point.

Item agreed to.

Dominion public buildings — improvements and repairs, $50,000.

Mr. CARDIN: That covers general repairs.

Item agreed to.

Public buildings—Quebec—
Bagotville—public building, $4,000.
Bedford—public building, $26,000.
Dolbeau—public building, $9,000.
Dominion public buildings — improvements and repairs, $100,000.
Grosse Isle quarantine station—improvements, alterations and repairs, $10,500.
Montreal immigration building — improvements and repairs, $7,500.
Montreal — instalment on purchase of armoury, $15,900.
Montreal postal terminal building—additional amount required, $250,000.
Quebec Citadel—improvements and maintenance, $19,000.
Stanstead—public building, $10,500.
Westmount — instalment on purchase of armoury, $12,700.

Mr. HEAPS: The minister might explain to the committee in his pleasant way why it happens that Quebec is the only province in Canada that shows an increase in the estimates.

Mr. CARDIN: Well, I confess I have not given any consideration to that question; but as all these amounts are revotes, most of them are necessary to complete works already undertaken, and I may safely conclude, therefore, that the explanation is that the estimates of last year were a little higher in Quebec than in other provinces, so far as this general item is concerned.

Mr. STEWART: The minister's observation is quite interesting in view of the facts. Last year I thought it was the other way, that Quebec was getting altogether too little; that was what I heard. I am glad to hear now that my contention last year was right, that really Quebec was getting a fair share of the expenditures.

Mr. CARDIN: My hon. friend is human, and he has too much experience of life not to realize that favours done do not seem to amount to very much.

Mr. STEWART: That is a thought I endeavoured to impress on many of my friends in the past, but without success. I do not know how far the minister will succeed with his friends in converting them to that theory. In connection with Bedford public building, I notice there is a revote of $21,000, and that means that $5,000 additional is required. Can the minister say what that $5,000 additional is for?

Mr. CARDIN: The reason given me for the increase is the difference in price in regard to the site. We are providing a larger amount because we are going to be forced to spend more for the acquisition of the site of that building.

Mr. STEWART: That is quite a proper explanation, and again it illustrates some of the difficulties that a minister and departmental officials have to meet in accurately estimating the correct amount to put in originally, because what a site will cost cannot be within their knowledge. It varies according to circumstances; it varies according to the site selected and the conditions in the town or at the site. The next is Grosse Isle quarantine station, improvements, alterations and repairs. This is a little greater than last year's vote.

Mr. CARDIN: Because we require a larger amount for the repairs and cost of maintenance this year. As my hon. friend knows, these figures are always based on the report of the engineers of the department.

Mr. STEWART: Are there any items of particular interest that the minister can give, or is it just general? Again I say I was under the impression that, substantial repairs having been made, these items might possibly not be as great this year as they have been in the last two or three.

Mr. CARDIN: If my hon. friend desires, I have a list of the items, but—

Mr. STEWART: Not if they are small.

Mr. CARDIN: Brick work, doors, repairs to boiler settings—

Mr. STEWART: I do not want to ask the minister to give all the details. Is there any large item?

Mr. CARDIN: No.

Mr. MacNICOL: Part of what I intended to ask in connection with the Bedford public building was asked by the hon. member for Leeds (Mr. Stewart). In reply to the hon. member, I understood the minister to say that the difference of five thousand dollars in the total cost of the Bedford building was for the site. Looking at the estimates I note that apparently $2,500 has already been spent on the building. I am at a loss to understand how anything could be spent on the building unless the site had already been purchased. It seems to me a rather peculiar way for the department to carry on its business if it either commenced the building before it purchased the site, or on the other hand, arranged to erect the building without already having the site purchased and later has to pay $5,000 additional cost for a site it either contemplated buying and had not bought, but which it had afterwards purchased.

Mr. CARDIN: A certain amount of money, $2,500 was spent on a site which had been chosen last year, but it was represented to the department that that site is not satisfactory. Instead of building at the rear of a block there, it has been represented to the department that we should have the building on the corner of Main and Bridge street, and we are thinking of changing the location of the building by acquiring a section of property on the main street.

Mr. MacNICOL: Adjacent to the site that had been contemplated?

Mr. CARDIN: Yes.

Mr. HEAPS: Before this item carries I would like to ask the minister about an expenditure of $250,000 on the Montreal postal terminal. What was the original estimate for the last cost of that building, and what is the amount already spent? Can he give us an estimate as to how much it will cost to complete the building.

Mr. CARDIN: I am informed that that building was started first under the Public Works Construction Act. It was not covered in the last session of parliament by the regular estimates of the department: it was money expended out of the Public Works Construction Acts of 1934 and 1935. The amount of $250,000 mentioned in this vote is for mechanical fittings for the building. But I will get the total cost of the building.

Mr. HEAPS: Then perhaps the item might be allowed to stand.

Mr. CARDIN: Yes.

Mr. STIRLING: Would the minister explain what the item "Quebec citadel" means? Is it for the rebuilding of the crumbling walls of the citadel itself, or what is it?

Mr. CARDIN: No, it is for maintenance of the building, the governor general's quarters there.

Mr. HEAPS: How much money has been already spent during the past eight or nine years on this same project?

Mr. CARDIN: Well, practically the same amount, I am informed.

Mr. HEAPS: No; in past years there have been much larger amounts in the estimates for the Quebec citadel. I would like to have an idea how much it is going to cost the government and the country, including what has been spent in the past eight or nine years since the governor general has taken residence in the citadel for a few weeks in each year.

The CHAIRMAN: I understand that this item stands.

Mr. HEAPS: No; perhaps the minister may have the information right at hand.

Mr. CARDIN: The expenditure in 1929-30 was $20,000; 1930-31, $15,860; 1931-32, $13,499; 1932-33, $13,483; 1933-34, $12,181; 1934-35, $11,449.

Mr. HEAPS: Are those the only expenditures that have been made on the Quebec citadel during the years mentioned?

Mr. CARDIN: I am informed those are the only amounts during those years.

Mr. SENN: The amount of $215,200 for appropriations not required seems to be very large in proportion to the total vote.

Mr. CARDIN: Does my hon. friend desire a list of the items?

Mr. SENN: If they are not too numerous.

Mr. CARDIN: Amqui, public building, $19,000; Asbestos, public building, $8,000; Cap de la Madeleine, public building, $54,000; Montreal, addition to the 4th Division Engineers armoury, $7,000; Montreal, purchase of site for addition to 4th Division Engineers armoury and alterations, $7,000; Point Claire, public building, $25,000; Quebec, examining warehouse, repairs and renewals, $1,200; Quebec, immigration building, repairs, $33,000; Ste. Anne de Beaupre, public building, $25,000; Ste. Martine, public building, $17,000; Timiskaming, public building, $19,000. These were the amounts that were provided in the last estimates.

Mr. SENN: Are any of these projects that have not been gone on with, or is it because the contract price was left in the vote?

Mr. CARDIN: In these items I am informed there are certain things which might be considered only as bookkeeping entries required by the department. I confess I am not quite clear on that procedure. Take for example, the Amqui public building, $19,000; the amount spent up to the first of February, 1936, is $14,503. The note that has been handed to me is that this building has been completed. The Asbestos building is also completed. The Cap de la Madeleine public building site has been purchased, but the building is not being proceeded with at present. Montreal, addition to 4th Division Engineers armoury, not to be utilized because substituted by vote 338. Point Claire public building, site has been purchased but building not proceeded with. Quebec examining warehouse, repairs and renewals; this has been completed. Quebec immigration building; repairs are completed. Ste. Anne de Beaupré, public building, $25,000, not being proceeded with. Ste. Martine, the same thing. Timiskaming public building, $19,000, the same, not being proceeded with. That accounts for the total of $215,000 under the heading of appropriations not required for 1936-37. We have no vote and we do not propose to have these expenditures repeated in this estimate.

Mr. STEWART: In reply to the hon. member for North Winnipeg (Mr. Heaps) in giving particulars of the expenditures at the Quebec citadel the minister gave the amounts for the different years. I think he is correct in his statement, except that possibly there may have been some expenditures under the Public Works Construction Acts that would not appear in the record the minister now has.

Mr. CARDIN: I am informed by the chief architect that as far as he can remember no expenditure in the citadel has been made under the Public Works Construction Acts.

I have here some information in regard to the postal terminal in Montreal. The appropriation was $1,800,000 under the Public Works Construction Act. The actual expenditure up to December 1, 1935, is $1,268,542.93, and commitments and liabilities incurred up to the present time are $521,421.

Mr. HEAPS: Over and above the item just given?

Mr. CARDIN: No. The two items, $1,268,000 and $521,000 practically take up the amount of the appropriation of $1,800,000. Therefore the expenditures up to the present and those contemplated will not go beyond the appropriation for the building. There is an amount of $250,000 for mechanical devices and fittings in the interior. That was not included in the contract.

Mr. HEAPS: What was the contract price?

Mr. CARDIN: I do not have that in the present estimates, because that work is not covered by the estimates we are considering at present; it is an expenditure under the Public Works Construction Act. My hon. friend will have the opportunity of asking that question later, and I can give my word that if he wants that information I shall be quite ready to give it.

Mr. McGEER: Will a summary of all the expenditures under that act be presented as a supplement to this statement?

Mr. CARDIN: I believe a return has been made in the house. What I am reading from is a copy of a return which has been tabled relating to all these expenditures made under the Public Works Construction Act.

Mr. STEWART: The minister will recall that under the provisions of the Public Works Construction Acts the orders in council and all papers must be laid on the table. In fact they are laid on the table from time to time; the minister laid some papers on the table the other day.

Mr. HEAPS: That will be quite satisfactory if we get all this information later. There is another point I want to raise in reference to these estimates relating to the province of Quebec, and it may apply to other provinces as well. I notice two items relating to the purchase of armouries. Some time ago we had a discussion in this committee regarding the unusual way the government went about the building of armouries in different parts of the dominion. I see there are items here for Montreal and Westmount, "instalment on purchase of armoury," $15,900 and $12,700 respectively. I should like to know whether these armouries are being purchased from private institutions or have been erected by the government. If they are being built by private corporations for the government I should like to have the present standing of the agreements between the government and the private corporations.

Mr. CARDIN: In regard to the item, "Montreal, instalment on purchase of armoury, $15,900," that building was acquired under a lease. It was agreed that by the payment of a certain rental, after the expiration of a certain number of years the building will be paid for. That is, it is bought on a rental basis. It is being acquired from the Victoria Rifles Armouries Association of Montreal.

Mr. HEAPS: How long since?

Mr. CARDIN: Since 1931, I am told. The first appropriation was in the year 1931-32.

Mr. HEAPS: For how much?

Mr. CARDIN: For $15,140. In 1932-33 and in 1934-35 the amount was the same, and it has been the same all through.

Mr. HEAPS: How long has this agreement to run?

Mr. CARDIN: I am informed it is for twenty years.

Mr. HEAPS: Is the one at Westmount being purchased on the same basis?

Mr. CARDIN: The same basis.

Mr. HEAPS: Mr. Chairman, I raised this question a number of years ago when the former Minister of Public Works, who is now in opposition, had charge of the estimates. At that time he told the committee that personally he objected to this form of purchase by the government of buildings to be used for armoury purposes. I object to a government department entering into negotiations for the purchase of buildings as has been done in connection with armouries across the dominion. In my view if the government find it necessary to erect armouries they do not have to go to a private corporation and have that corporation erect a building at possibly a fabulous price, the government paying it off on the basis of a twenty year agreement or at so much per annum. The government is in a better position than are the private concerns to finance the building of armouries, if the necessity for such buildings arises. I do not know the original cost of these armouries, but I was told by persons interested in the erection of such buildings that an agreement to erect a certain building had been offered to the government, and that if the contract had been let by public tender and contract it could have been built at a much lower price than that stipulated by the corporation gracious enough to enter into the agreement with the government. I want that policy to stop. I should like to have this afternoon from the Minister of Public Works a definite understanding that if the government find it necessary to erect buildings, whether they be armouries or buildings of other kinds, they will undertake to put them up on their own account, and have tenders called for in the usual way.

Mr. MacNICOL: I should like to ask a question about the rent being paid for the Montreal armouries. I remember being present when the Toronto armouries vote was under consideration, upon which occasion I had a few words to say. That was before any construction was started. My memory is that the rental was to be the same amount for each year, and I notice that at a later point in the estimates, where the Toronto armouries are mentioned, the amount was the same for last year as it is for this. I find however that in connection with the Westmount armoury the amount paid last year was $15,200 whereas this year it is $15,900.

The minister mentioned varying amounts for intervening years. Do the agreements not state what the rental is to be each year, or does the amount vary?

Mr. CARDIN: The contract shows that $15,140 is to be paid every year.

Mr. MacNICOL: Then, why is it $15,900 for 1936-37?

Mr. CARDIN: I am informed that the larger amount covers fire insurance on the building.

Mr. McGREGOR: Who paid the fire insurance the year before?

Mr. CARDIN: The insurance is paid every three years.

Mr. HEAPS: I should like to have a statement from the minister on the point I raised, namely as to the policy of his department and that of the Department of National Defence should they find it necessary to erect more buildings of this kind.

Mr. CARDIN: Of course my hon. friend cannot seriously ask me to state a question of policy on the part of the government.

Mr. HEAPS: Oh, yes.

Mr. CARDIN: Policies of the government are expresed in the form of legislation presented to the house, or by proclamation by the proper authority. I am not in a position to state what the policy of the government will be in the future, but if I may be permitted to say so I would guess that we are getting these properties at a much lower cost than would be entailed if we had to erect the building ourselves. It costs less money to acquire properties in this way than to erect the buildings.

Mr. HEAPS: Will the minister be good enough to state the reason?

Mr. CARDIN: I am stating what has been told me by an officer of the department, namely that in that case we were more fortunate in acquiring the property on the basis indicated than we would have been had we erected a building ourselves.

Mr. HEAPS: I have information with respect to a contemplated armoury which would be paid for on the same basis as the ones now under consideration. All some people wanted was an opportunity to tender for the contract. I was told there would be a considerable difference between the cost on the basis of public tender and contract, and the amounts stipulated in the agreements. If the minister and his officials believe that these buildings are being sold to the government at a cost lower than that at which the government could erect them, I should like to know on what basis that view is held. I do not think it is logical.

Mr. STEWART: I know the hon. member has criticized this method of acquiring armouries, and as some were acquired between 1930 and 1935 on this basis perhaps a statement from me is not out of place. The hon. member seems to think that this method is unsound. Let me point out to him that ordinary public works of the dominion are not paid for over a period of years. All buildings constructed in the ordinary course of events are paid for out of revenue. If in one year we undertook to pay the whole cost of an armoury we would be obligating ourselves to the payment of a large amount of money out of any one year's revenue. In the cities, or other places where there are regiments, there are associations of officers and others, public spirited gentlemen, who desire these accommodations. They feel that to ask a government in any one year to expend the amount necessary to construct a building constitutes a heavy demand. Therefore they have devised a scheme by which over a period of years a building will be acquired or constructed and paid for on the instalment plan. In entering into the transaction the department have an agreement with the association and have supervision over construction. It must be constructed according to plans approved by the department, and under public tender. There is no opportunity, such as the hon. member suggests, for an association to run at large or to construct a building at any cost and entirely without supervision of the department, afterwards calling upon the department to pay the cost. The plan is not as unsound as apparently the hon. member believes it to be. I know some purchases have been made on a very favourable basis. The reason for the plan, as I have indicated, is that if constructed in one year and paid out of revenue the cost would be a heavy burden indeed.

Mr. YOUNG: If the explanation of my hon. friend the former Minister of Public Works (Mr. Stewart) with respect to armouries is sound, it is equally sound with respect to any public building. I entirely agree with my hon. friend over here that when public buildings are erected for Canada the dominion government can borrow money more cheaply than any private concern, and therefore can build the building more cheaply. I recognize that this is not the first time this has been

done. I am not in favour of this method of building public buildings. It has been the method used particularly with respect to armouries; and there may have been some reason for using it with respect to armouries. I should like to ask the minister when this building was erected, what was its cost, how did the department supervise the cost and know exactly the final result in that regard, and also what rate of interest is being paid. I take it that the cost is amortized, and I am sure that if we went into these matters in detail we should find that we are not saving money by buying buildings in this particular way.

Mr. CARDIN: The agreement between the department and the Victoria Rifles Armouries Association was entered into on March 22, 1932. It was agreed that the association would erect the armoury, not to exceed $190,000 in cost, which included architects' fees and so forth. The dominion government agreed to take over the building on a rental-purchase basis covering a period of twenty years, with an annual payment of $15,140.

Mr. HEAPS: What will be the total amount paid in at the end of twenty years for this building?

Mr. CARDIN: That is a matter of calculation.

Mr. HEAPS: I have calculated it roughly, and it means that we are paying over $300,000 for a building erected at a cost of $190,000. I would ask the minister to answer the question put by the hon. member for Saskatoon (Mr. Young) as to the amortization rate.

Mr. BENNETT: Mr. Chairman, some years ago I opposed this plan of buying public buildings. When we had the responsibility of providing facilities for volunteer military organizations throughout the country in time of great depression it became apparent, when proposals were made by men who had put their own money into these things merely for the purpose of trying to assist their fellow citizens to have a place in which they could gather and train, that we could charge to revenue the ordinary sum that would be payable for rent or upkeep, and a very low rate of interest as things then were—though not low to-day—to complete the purchase of these buildings on a rental basis. No capital obligation was incurred on the part of the country, nothing was added to the debt, and no more money was expended than we would have paid by purchasing outright, except the trifling sum for rental if we had continued to rent them. The Minister of Finance will remember one instance in which I joined issue with him because I thought it was a wrong principle, but as a matter of fact in connection with armouries it was the only way in which facilities could be provided at all. It will be recalled that it was a Liberal administration which first fixed on this plan of dealing with them, and I must say that I believe it has turned out satisfactorily. I will give an illustration. There has been an extreme depression in the value of real estate in western cities. There was a building in one of our western towns occupied with stores in a military district. The building cost three or four times what it could be bought for to-day, and the owner said, "Instead of paying rent, take it off our hands. We are not getting anything out of it, and we would like you to have it at this figure," which was to be paid over a period of years and which amounted in reality to less than the rent that was paid a few years ago. The result is that the building at the end of ten years—it was then practically new—will belong to the crown without having added anything to the debt, without incurring any capital charge. The property will have cost just a little more than was being paid for rentals.

I have in mind another instance, outside of Canada, in which we had a building constructed through the public spirit of the gentleman who represented us in that particular country. Later we were able with improved conditions to pay the cost of the building. The interest rate at that time I think was four and a half or five per cent. I have in mind still another building where conditions were similar. The real fact is that in many parts of this country you can purchase buildings at a price very much less than cost. For instance, many of the banks have closed their branches in western towns, and we found it desirable to purchase for postal facilities, at a cost sometimes only one-third of the original cost, the bank premises in question. In these cases the amounts involved were small and we were able to buy the properties at once. There are other cases where owing to the depressed state of real estate, and the desire to get something out of the wreck, people have been induced to sell their properties at a very low price on a rental basis, capitalized at a very low rate of interest, in some instances lower than the going rate.

I mention these things because I was not at first friendly to this method, but when I came into office I found that it was admirably adapted to the circumstances in connection with many matters, but more notably

in connection with the providing of suitable premises for those who are offering volunteer service and who might at any time be called upon to protect life and property in this country. It was largely from the point of view of that consideration that the plan was continued as originated by my friends opposite, without adding anything to the debt, and adding but very little to the annual rental charges. I think it fair to make that statement because the method has been limited largely if not wholly to armouries.

There are one or two cases other than armouries. Some years after I first came to this house I asked some questions about buildings in Ottawa. I think I am not saying too much when I say that there are buildings in this city that we have paid for two or three times over in rents. Had we had just the plan that is now being considered we would own at least three buildings in the city of Ottawa—I am putting it very low—which to my certain knowledge we have paid for three times over in one instance, two and a half times in another, and once, or more than that, I am told, in another. That is the reason behind this plan which was adopted some years ago by our predecessors. At the time I was not very friendly to it, but, as I told my hon. friend the Minister of Finance, in practice I find that it has worked out very much better

Mr. DUNNING: As a matter of fact you gave me quite a ride on it.

Mr. BENNETT: Where was that?

Mr. DUNNING: In Regina.

Mr. BENNETT: It worked out very much better than I had expected. Because of the depression the cost of the buildings has been so low that in many instances it does not represent anything like the original cost, exclusive of the land.

Mr. STEWART: Do these contracts not contain a clause that permits the department to pay up the amount in full at any time they desire?

Mr. CARDIN: Yes.

Mr. HEAPS: The argument of the leader of the opposition (Mr. Bennett) does not seem to be as sound as his arguments usually are. In many cases it was possible to erect these armouries only because it was known that an agreement with the government was to be consummated. In reality these companies had behind them the credit of the government, otherwise the buildings could not have been erected. Many of these buildings are not old, the one we are now dealing with having been erected in the past two or three years. I should like some statement from the minister as to whether this practice is to be discontinued. The question has been asked as to the rate of interest at which these amounts are to be amortized over the period of twenty years; I wonder if the minister has that information before him.

Mr. CARDIN: In connection with Montreal, the rate is five per cent.

Mr. HEAPS: What about the one at Westmount?

Mr. CARDIN: That is six per cent.

Mr. HEAPS: The one at Westmount was built in 1931, and at that time I believe the government could have borrowed money at a rate of about four per cent. For twenty years we will be paying at least two per cent per annum more than we should be paying.

Mr. McGEER: Mr. Chairman, the principle of financing our militia by private means is thoroughly unsound. The militia should be considered as definitely under the control of the national government. I happen to have had the experience of being told by militia officers in Vancouver that a number of men could not turn out for the parade held on the occasion of the celebration of the king's jubilee because they were not equipped with shoes in which to march. I was told that this equipment was being supplied through contributions made by the officers, but the depression had hit the officers and their contributions were no longer available. If Canada has fallen to such a pitiful level that she cannot maintain her militia, then it is nearly time to close out this particular service. If this service is to be maintained by private contributions, the inevitable end will be the establishment of private armies in the dominion, to the disaster of the country. Armouries have been built with funds provided by private enterprise, and we are paying five and six per cent interest on this money. The building of these armouries should be an obligation upon this dominion, and I think the time has arrived when we should recognize the militia as a worthy unit of the institutions that form the fabric of the government of the dominion. Our armouries should be built by the government, and the government should supply the necessary funds to equip the men. The pitiful weakness of our whole scheme of government seems to stand out. We are a nation rich in natural resources; we have no standing army and we have no naval obligations, but in the matter of militia we have probably the lowest standard of any country in the British empire. It is a sorry reflection

upon the administration of public affairs when we have to maintain our militia by means of contributions from the officers and other private individuals. I have been informed that the Seaforth cadets in Vancouver receive a contribution from the national government of only one dollar each per year. As one officer told me, this is equivalent to the cost of one belt for each cadet. This is only one of innumerable instances. Whatever militia service we intend to have should be maintained without resort to the unnecessarily costly system of assistance by private enterprise.

Mr. MARSHALL: Could the minister give the committee the names attached to the agreement in connection with the Montreal armouries?

Mr. CARDIN: I cannot give the names at the moment. My hon. friend understands, I think, that the deed was signed by someone personally on behalf of the armoury, the other party being the Minister of Public Works.

Mr. MARSHALL: Who was the contractor?

Mr. CARDIN: Messrs. A. F. Byers & Company, Limited.

Mr. MARSHALL: What is the present value of that armoury?

Mr. CARDIN: It would be very difficult for me to answer that question, but I should think the value would be what it was when the government entered into the arrangement. I fancy it was about $190,000—around $200,000. That was the basis on which the rental was calculated at the time, and as it was only a few years ago, I should not think the value has gone down.

Mr. MARSHALL: How long ago was it built?

Mr. CARDIN: About two years ago. We made the first payment in the fiscal year 1933-34.

Mr. HEAPS: It may be difficult for the minister to give the committee an assurance on behalf of the government with respect to future constructions of this kind, but to narrow the matter down, may I ask him whether he will, on his own account, assure the committee that he will object to more buildings being purchased by the government on the basis on which similar buildings have been purchased in the last few years.

Mr. CARDIN: I have no hesitation in replying to that question. So far as I am concerned, I am quite ready to review these contracts, and if it can be established that an appreciable economy can be effected, I purpose taking advantage of the clause permitting the government to pay off the whole amount, thus doing away with rentals.

Mr. HEAPS: Is not the government at this time obtaining money at three per cent?

Mr. CARDIN: The Minister of Finance might enlighten us on that point.

Mr. DUNNING: A good deal depends upon the conditions under which money is obtained. If the money is borrowed for a very short period, the government can borrow at 1·05 per cent, but it would be rather absurd to borrow for a short period where the expenditure is to run on for a considerable time. If my hon. friend is thinking of a period of, say seven years, I may say that yesterday government guaranteed debentures were sold to yield about 2¼ per cent. If he has in mind a longer period, for instance, seventeen years, yesterday we disposed of an amount of seventeen-year Canadian National debentures guaranteed by the government, yielding 3·19 per cent. My hon. friend will understand how difficult it is to say offhand what the government can borrow money at; this depends upon the length of the term and the conditions.

Mr. HEAPS: Assuming that these agreements have to run for seventeen years or so, and seventeen more payments have to be made, the government can obtain money at a little over 3 per cent; and if we are paying six per cent now, would it not pay the government to obtain an issue of bonds equivalent to the amount outstanding, so that instead of six per cent a fraction over three per cent would have to be paid?

Mr. DUNNING: The hon. gentleman has just heard the minister say that he intends to examine, from the point of view of ascertaining whether appreciable savings can be effected, all contracts similar to the one under discussion. I know the minister well enough to be assured that if he finds such a condition to exist he will come to the treasury board and probably ask the Minister of Finance to raise the necessary money to bring about repayment and effect the economy to which reference has been made. I have no knowledge of this particular contract. One cannot in the course of a few months become fully acquainted with all the various ramifications of contracts and so forth which are in existence. I think my

hon. friend might be content with the minister's answer, that he intends to review all such cases and bring about economy wherever that can be done.

Mr. HAYHURST: What is the reason for the words "Appropriations not required for 1936-37" at the bottom of these votes, with amounts indicated in the 1935-36 column?

Mr. CARDIN: I explained some time ago that the $215,200 appropriation not required for 1936-37, under this particular vote, represented for the most part sums of money which had been voted last year and are not being expended this year. For example, some amounts were voted for public buildings that are not being built.

Item agreed to.

Public buildings—Ontario—
Belleville—building for entomological branch, $36,500.
Belleville—new gun shed, $1,500.
Campbellford—public building, $6,000.
Dominion public buildings — improvements and repairs, $125,000.
Dunnville—public building, $17,000.
Fenelon Falls—public building, $5,000.
Fort Erie—public building, $72,000.
Hamilton—addition to armoury, $30,000.
Kingston — R.S.A. and brigade building, $55,000.
Kingsville—public building, $14,500.
Kirkland Lake—public building, $75,500.
London—Royal School building, $15,500.
Meaford—public building, $5,500.
Ottawa central heating plant — improvements, $6,900.
Ottawa departmental buildings—fittings, etc., $55,000.
Ottawa—to provide for the acquisition of the Hope property at the corner of Sparks and Elgin streets, $155,000.
Powassan—public building, $16,000.
Richmond Hill—public building, $29,500.
Toronto—instalment on purchase of armoury, $29,400.
Watford—public building, $14,000.

Mr. WILTON: I was recently informed by the Department of National Defence that the question of providing rifle ranges for militia units in Hamilton and the surrounding district was being taken under serious advisement. This is a matter of considerable importance in connection with militia movements in that city and the surounding territory. I do not see any provision made for it in these estimates. Is there a possibility of the supplementary estimates taking care of it?

Mr. CARDIN: I am afraid I cannot give my hon. friend any promise, nor can I make any statement in that regard, for the very good reason that work of that kind comes not under my department but under the Department of National Defence. My hon. friend can make his request when the committee is considering the estimates of that department.

Mr. MACKENZIE (Vancouver): The hon. gentleman's observations will be carefully considered by the Department of National Defence.

Mr. CARDIN: The item of $36,500 is required to complete the erection of an entomological laboratory at Belleville, the construction of which is being carried out under contract by Ross-Meagher Limited, of Ottawa, for the sum of $82,832; and also for fittings, grading, roadways and supervision.

Mr. STEWART: This is for the Department of Agriculture, is it not?

Mr. CARDIN: Yes.

Mr. MacNICOL: Are the amounts under the column headed "1936-37" the original contract prices of the buildings?

Mr. CARDIN: The estimated costs of the buildings.

Mr. BENNETT: The appropriation in the estimates.

Mr. CARDIN: The appropriation in the estimates; yes, that is right. But generally the appropriation is based on the estimated cost of the building.

Mr. MacNICOL: In reference to the building at Fort Erie, apparently last year it was considered that $50,000 would be sufficient. Now I note that the government is asking for an additional $28,000. Has the size of the building been changed?

Mr. CARDIN: This amount of $72,000 is required to complete the erection of a public building for postal and customs purposes in the town of Fort Erie.

Mr. MacNICOL: A difference of $28,000.

Mr. CARDIN: It is to provide for the erection of a new building sufficiently large to accommodate both customs and postal services on the site of the existing buildings. For that purpose additional land immediately west of the present site was purchased.

Mr. MacNICOL: The new building is to consist of a customs building and a postal building?

Mr. CARDIN: Yes.

Mr. MacNICOL: And that is why the additional cost is in. I would like to ask about the public building at Kingsville. While Kingsville is a very beautiful town, it is not very large. I notice this item calls for an additional $9,000. Will the minister please explain that?

Mr. CARDIN: The amount of $14,500 is required to complete the erection of a public building for postal and customs purposes. The building is being erected on a site at the corner of Division and Main streets. The total cost of the building will be approximately $9,700 greater than was originally intended, due to the lowest tender being $26,000 for a building which was first estimated at $17,000.

Mr. STEWART: These were public tenders, were they not.

Mr. CARDIN: Yes, public tenders.

Mr. MacINNIS: Would the chairman explain what is meant under the heading, "Royal school building, London"? What sort of school building is it?

Mr. CARDIN: It is a military school.

Mr. STEWART: There is an increase there which perhaps the minister might give us some light upon.

Mr. CARDIN: The appropriation of 1935-36 was increased as it developed that the sum of $25,000 was too small adequately to provide for the necessary fittings.

Sir GEORGE PERLEY: Will the minister explain the purpose of buying the Hope property at Ottawa for $155,000?

Mr. CARDIN: It has not been decided what use the government will make of this building, but it was decided that we should secure the property because it is in the centre of the city; it is one of the city's best sites; it is next to the park where the war memorial is going to be built, and it was thought undesirable that the property should get into the hands of some people who might put up a building which would not be in accordance with the general surroundings, nor accord with the plan for the development of that area in the centre of Ottawa.

Sir GEORGE PERLEY: I understand from what the minister says that he does not know yet what this property will be used for, whether for the post office or for the Bank of Canada?

Mr. CARDIN: No; that has not been decided yet.

Sir GEORGE PERLEY: There was some rumour that the purpose of buying this property was to remove the building and not have another one there. I hope very much that there is no intention of doing anything of that sort. I like the park and the way it was arranged, but at the present time we have enough open land in the centre of this city.

Mr. CARDIN: Many suggestions have been made in regard to the use of the Hope property. It has been suggested among other things that the old building be taken down and that the Langevin block be extended along Elgin street, because we are receiving complaints from the department of the Postmaster General that they have not enough accommodation in the present Langevin block. Others have suggested that when the present post office is taken down it might be rebuilt on the Hope property. At all events nothing has been decided, and the government will welcome suggestions in regard to the use of the property.

Sir GEORGE PERLEY: Was this property bought directly from Hope & Sons, or was it bought from someone else who had purchased it from them?

Mr. CARDIN: No; it was expropriated.

Sir GEORGE PERLEY: It has not yet been determined how much the government is to pay for it?

Mr. CARDIN: No.

Mr. STEWART: Could the minister tell me the frontage on Sparks street which the government proposes to expropriate?

Mr. DUNNING: It is almost three-cornered.

Mr. CARDIN: On Sparks street, 61 feet 2 inches, and on Elgin street, 104 feet.

Mr. STEWART: What is the assessed value at the present time?

Mr. CARDIN: It is $153,000.

Mr. STEWART: Of course the amount at which it is expropriated would be paid out of the consolidated revenue fund—

Mr. CARDIN: Yes.

Mr. STEWART: —rather than by an estimate such as this. I assume the minister is familiar with the modern practice with regard to postal service in cities. Long ago the department abandoned the idea of constructing large central post offices, and for the greater convenience of the public adopted the plan of having the mails distributed to outlying postal stations in different parts of the city. In

order to place the new war memorial, I believe it is contemplated that the old post office should come down and the memorial be placed somewhere in that vicinity. Does the minister think in view of the policy I have mentioned and the construction of a postal terminal behind the union station where the mails will be sorted and distributed instead of dragging them to a central post office and back again, thus congesting traffic, that a large building is desirable for a central post office? I think the plan that the postal authorities had in mind when the policy I mentioned was adopted was to put small postal stations in different parts of the city. In fact there will be one in the new postal terminal. I suggest that a large post office on the corner under discussion is not necessary and not in keeping with modern practice. So it seems to me that if additional accommodation is required for postal administration which is carried on in the Langevin block, this site might be very suitable for that, and at the same time, as the minister says, protect that area from the construction of an unsightly building on the edge of what will be a very beautiful area in the city. I think that would be sound, but I do not think the construction of a post office there would be sound.

Mr. CARDIN: I quite agree with the former Minister of Public Works in that regard. In the conversation I have had already with my colleagues we are all in accord with the view that a big post office is not necessary in view of the building of the postal terminal at the rear of the union station, and I assure my hon. friends that even if I wanted a big building I am afraid I should be checked by the Minister of Finance, who is very severe.

Mr. STEWART: Ministers of Finance are always very severe with Ministers of Public Works.

Mr. BENNETT: I was heartily in accord with the acquisition of this property; in fact I think it might well have been acquired before. But I do not think a large post office building should, under any circumstances, be erected there. I had thought myself it would be an admirable location for the Bank of Canada and for the additional finance department staff that has become now necessary, and is in rented premises. The site lends itself admirably to that form of development, and certainly I had in mind that it should be acquired without delay so as to prevent it from falling into the hands of those who would erect on it a building out of harmony with the general development of that square.

[Mr. Stewart.]

Mr. DUNNING: I appreciate what the leader of the opposition has said in that regard. Among the suggestions which have come to the government is the one to which he refers, namely, that the corner would be suitable for the Bank of Canada. In speaking quite informally to the governor of the bank about the matter, I know he mentioned two objections. One was that the corner is in the nature of things rather noisy for office purposes, and the other, which does him credit as governor of the bank, was that a less expensive property would be quite suitable for central bank premises. However, that suggestion among others, is still under consideration.

Mr. MacNICOL: As regards the Powassan public building, $16,000, what is the reason for the extra cost?

Mr. CARDIN: The building will cost about $3,000 more than was provided in the appropriation, due to the lowest tender received, $10,640, being $2,640 more than the estimated cost, and we desire to add supervision and contingencies, $1,360.

Mr. MacNICOL: Are the plans and specifications of the building the same?

Mr. CARDIN: Yes.

Mr. MacNICOL: The same question applies to the Richmond Hill public building, $29,500; that building is now to cost $7,500 more than the original estimate.

Mr. CARDIN: The site has cost $8,000 instead of $5,000 as estimated at first.

Mr. MacNICOL: When was the site purchased?

Mr. BENNETT: Last fall.

Mr. CARDIN: It was bought on August 14, 1935.

Mr. MacNICOL: And the purchase cost was $3,000 more than the original estimate?

Mr. CARDIN: Yes.

Mr. MacNICOL: That leaves another difference of $4,500. Is the building being changed, too?

Mr. CARDIN: No; the building is not being changed. I believe in my former observation I made a mistake in stating that $5,000 was to be the cost of the site. I have a note indicating that the site is going to cost $8,000, as against an estimated cost of $500. I said that the estimated cost was $5,000, but I find it was $500.

Mr. STEWART: It is not the same site.

Mr. CARDIN: No; it is not the same.

Mr. MacNICOL: That is an amazing circumstance. We find it was to be erected upon a site costing $500, but it is now changed to a much more expensive site.

Mr. BAKER: In last year's estimates there was an item respecting station K of the postal service in the northern part of Toronto. Why was it not left in the estimates for the present year?

Mr. CARDIN: The hon. member has shown keen interest in the postal station in question, but due to pressure by the Minister of Finance it was not included in preparing the main estimates. The minister wanted to economize as much as possible. As he has already explained we have tried to leave out all amounts which could not properly be spent during the present year. The construction of station K in Toronto has not been abandoned. I may assure the hon. member that the matter is still under advisement, which information may leave a little ray of hope in the mind of the hon. member. As the Minister of Finance has intimated, supplementary estimates will be presented and no doubt the hon. member will be interested in reading them.

Mr. BENNETT: That is encouraging.

Mr. BAKER: Is the minister prepared to state definitely that the department will proceed with the work on station K this year?

Mr. CARDIN: No, of course not, but my hon. friend may rely on my good will.

Mr. BAKER: I assume the minister is aware that the Post Office Department has declared definitely that the station is required.

Mr. CARDIN: Yes.

Mr. BAKER: If it is being dropped from the estimates I should like to know why.

Mr. CARDIN: I cannot give a better reason than I have already given.

Mr. BAKER: That is very indefinite.

Mr. MacNICOL: With reference to the Watford public building, $14,000, I should like to ask a question respecting the difference in cost. As we are reaching the end of the item possibly I might be permitted to make some general observations. I note that work is being done at Fort Erie in the constituency of Welland, Kingsville in the constituency of South Essex, Kirkland Lake in the constituency of Timiskaming, Meaford in the constituency of North Grey, Powassan in the constituency of Parry Sound, Richmond Hill in the constituency of North York, and Watford in the constituency of Lambton-Kent. In connection with each of these items there have been increases to amounts greater than the estimated costs. As a business man I find it amazing to see costs of that kind mounting from year to year. On the other hand, of course I know politics has nothing to do with the matter. I might say that apparently fortunately for those ridings they returned Liberals to the House of Commons —fortunately, so far as the items are concerned, but I do not say fortunately in any other respect. I am wondering whether, if these respective ridings had returned Conservatives as they did in 1930, would they have been fortunate enough to have received these increases in costs.

Mr. BAKER: Perhaps the items would have been crossed out.

Mr. MULOCK: Is the hon. member in favour of having the votes to Ontario reduced?

Mr. MacNICOL: That question does not fit in with the political end of the discussion.

Mr. CARDIN: In this instance the increase arises because the lowest tender was $1,600 higher than the estimated cost of the building. It has been established by the officers of the department that it will cost $1,500 more for fittings than had been previously expected. Then there is a further increase of $900 in the estimated cost of supervision and contingencies, the amount having risen from $500 to $1,400. These three items account for the increased amount.

Mr. MacNICOL: Is the minister referring to the public building at Watford?

Mr. CARDIN: Yes.

Mr. MacNICOL: Watford is a very small village, and I find it very difficult to understand why fittings in village post offices should cost $1,500 more than the original estimate. I should like to know why the amount is being voted.

Mr. CARDIN: The technical men in the department state that the fittings will cost $2,500.

Mr. MacNICOL: And that is $1,500 more than the original estimate?

Mr. CARDIN: The original estimate was $1,000.

Mr. MacNICOL: In my time I have had a lot to do with building, involving millions and millions of dollars, and I am surprised to find that in a small village building the item of fittings would be increased $1,500 beyond

the original estimate. I am convinced that requires further explanation. I want to know why the fittings in a small village building are so expensive?

Mr. CARDIN: The fittings include postal boxes, locks, and so on. At all events public tenders are going to be called for when the fittings are required, and that would be the proper time to ascertain whether the prices asked by the contractors are reasonable. This is the estimate given to me by the officers of the department; I have to rely on their technical knowledge. When the tenders are opened we may get the fittings at a lower price, but it often happens that contractors ask a price higher than that estimated by departmental officers.

Mr. MacNICOL: The fact that Lambton-Kent returned a Liberal to parliament has nothing to do with the increased cost?

Mr. CARDIN: No, not a thing.

Mr. HANSON: We have had no consideration in the last five years.

Mr. MacNICOL: You are getting it now.

Mr. MacINNIS: Possibly the fittings would be more liberal, under the present administration.

Item agreed to.

Public buildings—Manitoba—
Elkhorn—public building, $6,500.

Mr. HEAPS: Is that the total cost of the building?

Mr. CARDIN: That is to complete.

Mr. HEAPS: What will be the total cost of the building, and what was the estimated cost?

Mr. CARDIN: The total cost will be $30,644, and the preliminary estimate was $24,000.

Mr. BEAUBIER: What was the contract price for the building? Is it now completed and taken off the contractors' hands?

Mr. CARDIN: The contract was for $19,460.

Mr. BEAUBIER: Were there extras, fittings and so forth that sent the cost above the contract price?

Mr. CARDIN: I am informed that there were additions: a septic tank, $1,700; $3,500 for fittings; $1,000 for grading; $1,000 for contingencies and supervision.

[Mr. MacNicol.]

Mr. BEAUBIER: Is the building now completed and taken off the contractor's hands?

Mr. CARDIN: Not yet.

Item agreed to.

Rivers—public building, $5,000.

Mr. BEAUBIER: How far advanced is the construction of this building?

Mr. CARDIN: I could not say exactly, but the work is going on in the regular way.

Item agreed to.

Russell—public building, $23,500.

Mr. STEWART: Have tenders been invited and the contract awarded for this building?

Mr. CARDIN: Yes.

Mr. STEWART: What is the name of the contractor and when was the contract let?

Mr. CARDIN: The contract was awarded to S. Brown of Winnipeg for $20,224 on September 26, 1935.

Item agreed to.

Public buildings—Saskatchewan—
Dominion public buildings — improvements and repairs, $25,000.

Mr. McNIVEN: Would the minister be good enough to indicate what is included in this $25,000?

Mr. CARDIN: It is to provide for ordinary repairs and maintenance of the buildings.

Mr. McNIVEN: Of all the public buildings in Saskatchewan?

Mr. CARDIN: Yes.

Item agreed to.

Kindersley—public building, $32,000.

Mr. PERLEY (Qu'Appelle): What is the reason for the increase in this vote?

Mr. CARDIN: The note I have before me is that the building will cost $12,000 more than was provided in the appropriation of $20,000 for the year 1935-36, because the lowest tender was $8,500 more than the estimated cost of $16,000; the fittings will cost $3,500 instead of $1,000, and supervision and contingencies will cost $3,000 instead of $1,000.

Mr. PERLEY (Qu'Appelle): Has the estimate been changed because of the fittings?

Mr. CARDIN: No.

Item agreed to.

Whitewood—public building, $3,500.

Mr. PERLEY (Qu'Appelle): What is the reason for the increase there?

Mr. CARDIN: It is due to an increase in the cost of the site to $600 as against $500, and for supervision and contingencies, $1,400 instead of $500.

Mr. PERLEY (Qu'Appelle): The minister says that there has been an increase in the cost of the site, but the site was purchased before the building was started.

Mr. CARDIN: It was estimated that it would cost $500.

Mr. GARDINER: When was the site purchased?

Mr. PERLEY (Qu'Appelle): The site was not changed and I do not see how there could be an increase in the cost.

Mr. GARDINER: There should not have been, but you people bought it.

Mr. DUNNING: I think that is another question for the former Minister of Public Works (Mr. Stewart).

Mr. CARDIN: The site was not changed but the sum of $500 was only the estimated cost.

Mr. DUNNING: You paid $600 for it.

Mr. PERLEY (Qu'Appelle): I think the minister is mistaken. I do not believe there has been any increase in the cost of the site. A possible explanation is that a well was dug. Can the minister confirm that?

Mr. CARDIN: I have no information.

Mr. McNIVEN: Will provision be made in the supplementary estimates for the federal building now under construction at Regina, and also for the extension of and additions to the Royal Canadian Mounted Police barracks at Regina?

Mr. CARDIN: The public building would be constructed under the Public Works Construction Act and would not appear in these estimates.

Mr. McNIVEN: Does that apply to the mounted police barracks also?

Mr. CARDIN: They will be constructed under the provisions of the Royal Canadian Mounted Police Act.

Mr. COLDWELL: I have been looking over these estimates and the amount provided for Saskatchewan seems to be very small for such a large province. Will amounts be provided under other acts, such as those mentioned just now by the minister? I have in mind certain bridges which I cannot find here and which are under construction.

Mr. CARDIN: Certain provisions are made in the Public Works Construction Act.

Mr. COLDWELL: Will those amounts appear in the supplementary estimates?

Mr. CARDIN: Yes.

Item agreed to.

Public buildings—British Columbia—Hollyburn—public building, $37,000.

Mr. MacNEIL: Will the contract in connection with this building contain a fair wage clause?

Mr. CARDIN: Yes.

Mr. MacNEIL: Will the minister be in a position to exercise such supervision as will ensure local labour being used as far as possible? I ask this question because of a communication I have received to-day.

Mr. CARDIN: As far as we can, we try to enforce that clause. If I am not mistaken this applies more to the Department of Labour, but as far as we can exercise our authority, we do so. If my hon. friend has any complaints to make I shall be glad to make the necessary representations to see that the clause is enforced.

Mr. HEAPS: I notice that there is an item, "To meet one year's interest at five per cent on mortgage of $400,000."

The CHAIRMAN: We have not reached that item.

Mr. STIRLING: I should like to make an inquiry in connection with the public building at Kelowna. Is it being proceeded with?

Mr. CARDIN: It is not being proceeded with at the present time, but it is under consideration.

Mr. STIRLING: Tenders for a public building at Kelowna and for a public building at Penticton were returnable either on the same day or within a few days of each other. It is significant that Kelowna is where I reside while Penticton is the home of my Liberal opponent. I do not think it is possible that any political colour has tinged the minister's decision in this matter, but I am extremely interested to hear why the public building at Penticton is being proceeded with when my Liberal opponent stated that he thought the erection of such a building would be an unwise action considering the state of affairs with which we were faced. I supported the erection of a public building at Kelowna because I did not agree with my opponent's statement that this was not the proper time to erect a public building at Penticton. In a way these two communities are twin cities; they are located

in the same valley and are both centres of a very considerable expansion. The progress made by Kelowna is the largest of that made by any community in the valley. I should like an explanation why the building at Penticton is being proceeded with at this time while the building at Kelowna is not being proceeded with.

Mr. CARDIN: I am afraid that I cannot give my hon. friend a reason satisfactory to him. The government has endeavoured to reduce the estimates of the Department of Public Works as well as those of other departments, and it was necessary to leave certain items out of our program. The public building at Kelowna has been put to one side, but I can assure my hon. friend that no politics entered into that decision. The question is still being seriously considered, and I think I can say to my hon. friend that he should not despair.

Mr. STIRLING: No doubt the minister will permit me to give whatever assistance I can?

Mr. CARDIN: Yes, I shall be glad to have it.

Item agreed to.

Mission City—public building, $6,000.

Mr. BARBER: Could the minister give the particulars of the extra ependiture in connection with this item?

Mr. CARDIN: This building will cost approximately $2,500 more than is provided in the appropriation of $30,000 in 1935-36, owing to the fact that the lowest tender for the building was $990 greater than the estimated cost of $23,500. There was also the installation of a clock at a cost of $1,000, for which provision had not been made in the appropriation, and there is an increase in contingencies. These increases total $2,500.

Item agreed to.

Penticton—public building, $65,000.

Mr. STIRLING: What was the date of the order in council covering the contract for the Kelowna building and the Penticton building as well? The two have always been taken together.

Mr. CARDIN: As regards the Penticton building, the date is October 23, 1935. I cannot at the moment give the date for the Kelowna building.

Mr. STIRLING: So that the minister cannot tell me the amount of the contract?

Mr. CARDIN: In regard to Kelowna?

Mr. STIRLING: Yes.

Mr. CARDIN: No.

[Mr. Stirling.]

Mr. STIRLING: The Kelowna building not having been proceeded with, was it necessary to pass another order in council cancelling the previous one?

Mr. CARDIN: No.

Mr. STIRLING: It just lapsed.

Mr. CARDIN: Yes.

Mr. MacNEIL: Has the minister taken under consideration the erection of a public building at Powell River? I understand he has had an application from the local board of trade explaining the great need of a building in that town.

Mr. CARDIN: I have not in mind at the moment the representations referred to by my hon. friend. I can assure him that when considering further expenditures for the Department of Public Works I shall be pleased to look into the matter. I invite my hon. friend to come to my office and explain the situation fully. He will be welcome.

Mr. MacNEIL: Would it be possible to consider the matter in the preparation of the supplementary estimates?

Mr. CARDIN: I will consider it.

Item agreed to.

Sidney—public building, $24,000.

Mr. TAYLOR (Nanaimo): What is the position of this transaction at the moment? Is it intended to proceed with the building?

Mr. CARDIN: The order in council accepting the tender was passed only on January 16. Construction will be proceeded with in the ordinary way.

Item agreed to.

Vancouver — instalment on purchase of armoury, $14,000.

Mr. HEAPS: I assume the minister will treat this item as he has promised to treat the others. The next item would come almost under the same category. I observe that the government is paying five per cent interest on a mortgage of $400,000. I do not know the circumstances, but it appears to me that if the government is able to obtain money at a fraction over three per cent, it would be good business to amortize the cost of the building, and the difference between three per cent and five per cent, over a period of years, would allow the government to obtain complete ownership of the building within a reasonable time. I would suggest, with regard to the last item in the British Columbia estimates, that the Minister of Finance look into all these mortgages or near mortgages out-

standing at five and six per cent and see whether the government cannot save money in that direction.

Mr. YOUNG: How many armouries were purchased on the instalment basis in the last five years?

Mr. CARDIN: I cannot give that information offhand, but I will inform the hon. member as soon as I am advised by the officers of the department.

Mr. YOUNG: How many other public buildings in Canada were purchased on a similar basis?

Mr. CARDIN: I will give that information.

Mr. HEAPS: Is the government paying interest only?

Mr. STEWART: The building was purchased subject to mortgage.

Mr. CARDIN: We are paying interest.

Mr. HEAPS: Only?

Mr. CARDIN: Yes.

Mr. PLUNKETT: I should like to get some information with regard to the clause about appropriations not required for 1936-37. This is of great concern to me as the representative of Victoria. There was $300,000 voted in the last estimates and these appropriations not required amount to $451,000, so that the matter largely concerns my city. The building which was to be put up there was a general office building for dominion services. In it were to be housed the marine agent of the Department of Marine, the hydrographic surveys branch, the Department of Agriculture, the radio—

The CHAIRMAN: What item is the hon. gentleman discussing?

Mr. PLUNKETT: I am referring to the elimination of the $451,000, and I think this is an opportunity to lay the matter before the minister. The Royal Canadian Mounted Police were also to occupy the building, as were the farm loan board, the Department of National Revenue, and one or two others. The old buildings are not fireproof, and they contain the records of the Indian Affairs department for all British Columbia. Any day they may be destroyed. The head office for Indian Affairs is in this building in Victoria. It is also the head office in connection with the radio service. I wish to bring this matter to the attention of the Minister of Finance and also of the minister representing British Columbia, because there is a very real necessity for this building. I will take the opportunity, if I can be given no guarantee of progress in this regard, of writing to the three ministers concerned—the Minister of Public Works, the Minister of National Defence, and the Minister of Finance—in the hope that the construction of that building will not be held up. Plans have been prepared, I know. I do not want to press upon the government anything that I think is wrong or that I think is unnecessary. The construction of that building would give workmen and mechanics in Victoria a large quantity of work. I am going to leave the matter at this stage. I purpose bringing it up later, and I would ask earnest consideration of my representations.

Item agreed to.

Progress reported.

On motion of Mr. Mackenzie King the house adjourned at 5.55 p.m.

Monday, February 17, 1936

The house met at three o'clock.

CANADA-UNITED STATES TRADE AGREEMENT

STATEMENT OF INFORMATION TO BE SUPPLIED RESPECTING TARIFF CHANGES—MOTION FOR PRINTING

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, some days ago my right hon. friend (Mr. Bennett) asked if the house could be supplied with detailed information in connection with the tariff changes resulting from the Canada-United States trade agreement signed at Washington on November 15, 1935. I have endeavoured to have as full information as possible prepared. If the house will agree to its printing I shall be glad to move to have printed in tabulated form a statement containing the following information:

(1) Reductions in duty on Canadian goods imported into the United States—

(a) Present and previous rates of duty under the United States tariff on Canadian goods enumerated in Schedule II of the trade agreement;

(b) Present and previous rates of duty under the United States tariff affected by trade agreements concluded by the United States and extended to Canada in virtue of article I of the trade agreement.

(2) Reductions in duty on United States goods imported into Canada—

(a) Rates of duty applicable to goods enumerated in Schedule I of the trade agreement, together with the British preferential, intermediate and general tariff rates on the same items; the special rates under trade agreements with countries of the British

Commonwealth when such special rates are lower than the British preferential tariff and the special rates applicable to such items under the trade agreements with France.

The most-favoured-foreign nation tariff treatment enjoyed by United States goods, other than those enumerated in schedule I of the trade agreement, is shown in the customs tariff and amendments thereto; which it is also proposed to table. Hon. members will be supplied with a copy of the customs tariff.

I believe in all particulars we have followed what was done by my right hon. friend at the time this house considered the Canada-United Kingdom trade agreement.

In order that the house may be supplied in printed form with the information indicated I move, seconded by Mr. Dunning:

That 1,500 copies in the English language and 500 copies in the French language of a statement showing tariff reductions resulting from the trade agreement between Canada and the United States be printed forthwith, and that standing order 64 be suspended in relation thereto.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC DEBT

Mr. FONTAINE:

What was the exact amount of the public debt of Canada as at October 14, 1935?

Mr. DUNNING: On October 23, 1935, the date on which the present administration took office, the dominion accounts showed a gross debt of $3,385,430,913.89 and a net debt of $2,862,395,165.81.

IMMIGRATION, 1930-1935

Mr. FONTAINE:

What is the number of immigrants who entered the country and were admitted during the period from August 1, 1930, to October 14, 1935?

Mr. CRERAR:

August 1, 1930, to Dec. 31, 1930..	24,628
Calendar year 1931.....	27,530
" " 1932.	20,591
" " 1933.	14,382
" " 1934.	12,476
Jan. 1, 1935, to Oct. 31, 1935.....	9,655
Total.	109,262

G. HERRING

Mr. BOULANGER:

1. Is one G. Herring in the employ of the Post Office Department?
2. If so, since what date?
3. What is the nature of his present employment?
4. By whom was he suggested or recommended to the Civil Service Commission for appointment to the position he now occupies ad interim?
5. Does he speak French?
6. Did he take a law course?
7. Was he born in Canada?
8. How long was he a resident of Canada before he entered the public service?

Mr. POWER (for Mr. Elliott, Middlesex West):

1. Yes.
2. 2nd April, 1907.
3. Administering air mail and mail contract services.
4. Postmaster General.
5, 6 and 7. No.
8. About one year.

ADMIRALTY ACT

Mr. BOULANGER:

1. Has the Admiralty Act, 1934, 24-25 George V, chapter 31, come into effect upon proclamation by the governor in council, and if so, on what date?
2. If said act has not come into effect, will the government state the reasons therefor?

Mr. POWER (for Mr. Lapointe, Quebec East):

1. Yes—1st March, 1935.
2. Answered by No. 1.

CANADA SHIPPING ACT

Mr. BOULANGER:

1. Has the Canada Shipping Act, 1934, 24-25 George V, chapter 44, come into effect upon proclamation by the governor in council, and if so, on what date?
2. If said act has not come into effect, will the government state the reasons therefor?

Mr. HOWE:

1. No.
2. The advisability of proclaiming the act in question is at present under consideration by the Department of Marine.

CANADIAN WHEAT BOARD

Mr. COLDWELL:

1. Did J. I. McFarland and the members of the wheat board: (a) resign, or (b) were they retired?
2. If retired, for what cause were they so retired?
3. Did the advisory committee of the above board resign or were they retired?
4. If retired, why were they so retired?
5. Were any members of the former advisory committee recommended for appointment to the said committee by the Co-operative Wheat Producers of Canada, Limited?
6. If so, how many, and what were their names?

7. Were all or any members of the new advisory committee recommended or otherwise definitely approved for appointment to that committee by the Co-operative Wheat Producers or other producers' organizations?
8. On what date did Mr. J. R. Murray and the new Wheat Board take office?
9. On what date did the Argentine Republic announce a new controlled price for that country's wheat?
10. What was the increased price in Canadian currency at prevailing rate of exchange?
11. What was the new minimum price in Canadian currency at prevailing rate of exchange?
12. What was the closing price of wheat on Winnipeg Grain Exchange on December 12th—basis Fort William No. 1, northern?
13. What was the opening price of wheat on Winnipeg Grain Exchange—basis Fort William on December 13th, No. 1 northern?
14. How many bushels of wheat were sold by the board between close of Exchange on December 12th and reopening on December 13th?
15. For how much below opening pit price on December 13th was this wheat sold by the board?
16. Was the new advisory board consulted regarding these sales?
17. If so, when and in what manner?

Mr. EULER:

1. Retired (P.C. 3756).
2. See order in council attached.
3. Order rescinded.
4. For the purpose of coordinating government policy.
5. No information.
6. Answered by No. 5.
7. No new advisory committee.
8. December 3rd, 1935.
9. After the close of the market on December 12, 1935.
10. The increased price was 19 cents over the prevailing Buenos Aires prices.
11. 90 cents.
12. May futures closed at 86⅞ cents.
13. May futures opened at 89 cents.
14 and 15. No information.
16. A new advisory board has not been appointed.
17. Answered by No. 16.

CANADIAN NATIONAL RAILWAYS—LOPTSON CONTRACT

Mr. COLDWELL:

1. Was Mr. Asmundur Loptson granted a contract from the Canadian National Railways, for the construction of a ditch near the Hudson Bay Junction?
2. If so, what amount did he receive for this contract?

Mr. HOWE:

1. Yes.
2. The railway management advises that it is not the policy of the company to divulge the amount involved in such cases.

SILVER DOLLARS

Mr. REID:

1. What is the total amount of silver dollars which have been issued up to the present time?
2. Is the mint still manufacturing further issues of silver dollars, and if so, to what total amount are they authorized?

Mr. DUNNING:

1. $428,120.
2. Yes. No particular amount authorized, the number of pieces to be coined depending on the requisitions received.

UNEMPLOYMENT RELIEF EXPENDITURES

Mr. BRUNELLE:

1. How much has been spent since 1930 by the federal and provincial governments, and by the municipalities, in relief works?
2. How much for direct relief?

Mr. ROGERS:

1 and 2. Under the existing arrangement by which the dominion pays to the provinces a monthly grant-in-aid, the provinces do not report municipal expenditures to the dominion. Under previous arrangements whereby the dominion contributed on a percentage basis to the expenditures of the provinces, and through the provinces to those of the municipalities, relief expenditures were incurred by those bodies for items towards the cost of which the dominion did not contribute, such as medical assistance. There is, therefore, no complete information in the possession of the government respecting the extent of the relief expenditures of the provinces and municipalities.

The dominion disbursements under The Unemployment Relief Act, 1930, The Unemployment and Farm Relief Act, 1931, The Unemployment and Farm Relief Continuance Act, 1932, The Relief Act, 1933, The Relief Act, 1934, and The Relief Act, 1935, to December 31, 1935, are as follows:

Grants-in-aid (August, 1934, to December, 1935)	$31,098,687 50
Direct relief	61,211,621 16
Provincial and municipal relief works	49,465,575 57
Relief settlement	662,581 33
Sastkatchewan relief commission	12,732,617 35
Single homeless persons	3,398,706 63
Expenditures of federal departments under relief legislation	27,274,226 00
Other relief projects	3,069,776 04
Administration	467,896 33

FARMERS' CREDITORS ARRANGEMENT ACT

Mr. BARBER:

1. How many official receivers and others employed in the administration of the Farmers' Creditors Arrangement Act in the province of British Columbia have been removed from office during the period from November 1, 1935, to date?
2. How many appointments have been made to fill these positions?
3. What is the name, occupation and address of each of the new appointees?
4. Was the senior official receiver for British Columbia notified to vacate his office by February 10th?
5. If so, has his successor been appointed?
6. What is the name, occupation and address of the newly appointed senior official receiver for British Columbia?
7. Will the senior official receiver act as official receiver for the district in which he resides?
8. What is the salary and allowances of the senior official receiver?
9. What is the salary of the official receiver?

Mr. DUNNING:

1. 6.
2. 2.
3. David Whiteside, barrister, New Westminster; Jack Straight, barrister, New Westminster.
4. Yes.
5. Yes.
6. David Whiteside, barrister, New Westminster.
7. Yes.
8. $250 monthly, together with expenses attributable to his duties.
9. None. Official receivers are remunerated under a tariff of fees.

G. C. ANDERSON

Mr. BOULANGER:

1. When was Mr. G. C. Anderson, Superintendent of Mail Contracts, superannuated?
2. Who were Mr. Anderson's two chief assistants when he was superannuated?
3. How long had each of the said assistants been in the Mail Contracts branch?
4. Was one of Mr. Anderson's two assistants chosen, or recommended to the Civil Service Commission, as his temporary successor?
5. If not, why was one of them not chosen for the position?
6. Who, at present occupies the position of superintendent in the Mail Contracts branch?
7. What was the experience in that particular branch of Mr. Anderson's successor, now serving in an acting capacity?
8. For what special knowledge and qualifications was Mr. Anderson's successor selected in preference to one of his assistants?

Mr. POWER (for Mr. Elliott, Middlesex West):

1. October 23, 1935.
2. Messrs, A. H. B. Potts and J. St. Germain.

[Mr. Rogers.]

3. A. H. B. Potts from July 7, 1921 (appointed to Toronto post office July 16, 1906). J. St. Germain from February 5, 1909.
4. No.

5, 6, 7, 8. The present acting superintendent, Mr. G. Herring, entered the Mail Service branch in February, 1909, after previous experience in the outside operating service. In 1912 he was assistant superintendent of rural mail delivery on the organization of that branch under Mr. Bolduc. In 1916 Mr. Herring was made assistant to Mr. Anderson and returned to the mail service branch. Mr. Herring took charge of the air mail branch in 1928.

On account of his long experience in mail service, rural mail and air services, Mr. Herring was made acting superintendent when the air mail and rural mail services were amalgamated in the interests of efficiency and economy on the retirement of Mr. Anderson in January, 1936.

C.G.S. ARRAS—CHIEF STEWARD

Mr. BROOKS:

1. Was Captain John S. Smith, of Lower LaHave, Nova Scotia, employed by the Department of Fisheries as Chief Steward on the Arras?
2. If so, what were the terms of his contract of employment?,
3. Was he dismissed from such employment?
4. If so, when and for what cause?
5. Is Captain Harris Himmelman, of Lunenburg, Nova Scotia, now in the employ of the Department of Fisheries?
6. If so, in what capacity, and since what date?

Mr. MICHAUD:

1. Yes.
2. He was employed on a monthly basis.

3 and 4. His services were discontinued on account of his age. He was seventy-one.

5. Yes.
6. As Steward on the C.G.S. Arras since January 1, 1936.

RADIO COMMISSION—BROADCASTS BY ELECTED OR DEFEATED CANDIDATES

Mr. DESLAURIERS:

1. Has the radio commission been paid, to date, for the broadcasts made during the last federal election campaign by elected or defeated candidates?
2. If not, what are the names of the debtors of the radio commission in this connection?
3. During 1934 and 1935, did the commission pay commissions to agents or publicity agencies for these broadcasts?
4. If so, what are the names of such agents or publicity agencies?
5. What were the amounts received by these agents or publicity agencies?

Mr. HOWE:

The following information has been furnished by the Canadian Radio Broadcasting Commission:

1. Yes, see question (2).

2. Right Honourable R. B. Bennett.

Radio Station CJCS, Stratford, Ontario. (Liberal party).

Radio Station CKCW, Moncton, New Brunswick. (Reconstruction party).

3. Commissions allowed to recognized agencies.

4. Canadian Advertising Agency, Limited.
Cockfield, Brown & Company, Limited.
J. J. Gibbons, Limited.
Stewart McIntosh Limited.
Vickers & Benson, Limited.
Western Broadcasting Bureau.
CKY, Manitoba Telephone system, on behalf of J. J. Gibbons, Limited.

5.

	Discount Allowed
Canadian Advertising Agency, Ltd. (Liberal)	$ 373 65
Cockfield, Brown & Co., Ltd. (Liberal)	2,083 01
J. J. Gibbons, Limited (Conservative)	6,946 11
Stewart McIntosh, Limited (Liberal)	990 11
Vickers & Benson, Limited (Liberal)	20 00
Western Broadcasting Bureau (Liberal)	4 23
CKY, Winnipeg, on behalf of J. J. Gibbons, Limited, (Conservative)	4 23

Note: The same policy was pursued in connection with political broadcasts as in all commercial broadcasts. The sums collected did not entirely accrue to the commission but were for wire and station charges.

MRS. COWAN AND ALLAN COWAN

Mr. CHURCH:

1. Has clemency been asked for Mrs. Cowan and a youth Allan Cowan, aged 17, both sentenced to death at Pembroke and awaiting execution?

2. If so, what action, if any, has been taken?

Mr. POWER (For Mr. Lapointe, Quebec East):

1. Yes.

2. Case is under study.

PENITENTIARIES—CLEMENCY

Mr. CHURCH:

1. Has any clemency been decided on, as yet, to be extended by His Gracious Majesty King Edward VIII, on becoming king, to inmates of Canada's penal institutions?

2. Has the government yet received any information it can give the house in this respect?

Mr. POWER (for Mr. Lapointe, Quebec East):

1. The matter is not under consideration.

2. No.

PAUL VEZINA

Mr. WERMENLINGER:

1. Was one Paul Vezina, of Boischatel, employed by the Department of Marine, in Quebec?

2. If so, on what date did the said Paul Vezina enter the service of the Department of Marine?

3. On what date did he leave such service and why?

Mr. HOWE:

1. Yes.

2 and 3. Paul Vezina has been a casual employee of the Department of Marine at Quebec intermittently since October, 1929. His services were dispensed with on November 23, 1935.

IMPORTS OF EGGS FROM UNITED STATES

Mr. REID:

1. What quantities of eggs have been imported into Canada from the United States since the Canada-United States treaty was signed and up to the present time?

2. To what provinces were they, if any, imported?

Mr. ILSLEY:

1 and 2. The Canada-United States Trade Agreement became effective on January 1, 1936, and the imports from the United States of eggs in the shell, entered for consumption in each province of Canada during the month of January, were as follows:

Province	Doz.	Value
Ontario	423	$202
Quebec	175	137
British Columbia	28	10
Totals	626	$349

FARMERS' CREDITORS ARRANGEMENT ACT

Mr. LACOMBE:

1. How many farmers in Canada have taken advantage of the Farmers' Creditors Arrangement Act, since the coming into force of the said act?

2. How many in the province of Quebec?

3. How many of such farmers in the province of Quebec have succeeded in securing a loan under the provisions of the Canadian Farm Loan Act?

Mr. DUNNING:

1. To February 1, 1936, 17,913 have submitted proposals under the act, in respect

of which 9,179 settlements have been effected. In addition, 4,645 settlements were effected without formal proposals.

2. To February 1, 1936, 4,349 have submitted proposals under the act, in respect of which 2,247 settlements have been effected. In addition, 1,245 settlements were effected without formal proposals.

3. Information not available.

CANADIAN FARM LOAN ACT

Mr. FONTAINE:

1. How many farmers of the counties of St. Hyacinthe and Bagot applied during the year 1935 for a loan under the provisions of the Canadian Farm Loan Act?

2. In how many cases was the loan application granted and the loan made?

3. What are the names and addresses of the persons who secured a loan in this manner?

4. What was the amount of each such loan?

Mr. DUNNING:

The following answers are furnished by the Canadian farm loan board:

1, 2, 3 and 4. The records of the Canadian farm loan board are not kept by counties and the information asked for is not now available.

Moreover, transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.

Mr. FONTAINE:

1. How many farmers of the province of Quebec applied for a loan during the year 1935 under the provisions of the Canadian Farm Loan Act?

2. In how many cases was the application granted and the loan made?

Mr. DUNNING:

The following answers are submitted by the Canadian farm loan board:

1. 6,420 applications were received in the period April 1, 1935, to January 31, 1936.

2. 1,062.

Mr. MULLINS:

1. How many farmers of the counties of Richmond and Wolfe applied during the year 1935 for a loan under the provisions of the Canadian Farm Loan Act?

2. In how many cases was the loan application granted and the loan made?

3. What are the names and addresses of the persons who secured a loan in this manner?

4. What was the amount of each such loan?

Mr. DUNNING:

The following answers are furnished by the Canadian farm loan board:

The records of the Canadian farm loan board are not kept by counties and the information asked for is not now available.

[Mr. Dunning.]

Moreover, transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.

Mr. GOSSELIN:

1. How many farmers of the counties of Brome and Missisquoi applied during the year 1935 for a loan under the provisions of the Canadian Farm Loan Act?

2. In how many cases was the loan application granted and the loan made?

3. What are the names and addresses of the persons who secured a loan in this manner?

4. What was the amount of each such loan?

5. In how many cases was the loan application refused?

6. What was the total amount involved in the loan applications that were refused?

Mr. DUNNING:

The following answers are furnished by the Canadian farm loan board:

The records of the Canadian farm loan board are not kept by counties and the information asked for is not now available.

Moreover, transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.

Mr. ROBERGE:

1. How many farmers of the counties of Mégantic and Frontenac applied during the year 1935 for a loan under the provisions of the Canadian Farm Loan Act?

2. In how many cases was the loan application granted and the loan made?

3. What are the names and addresses of the persons who secured a loan in this manner?

4. What was the amount of each such loan?

Mr. DUNNING:

The following answers are furnished by the Canadian farm loan board:

1, 2, 3 & 4. The records of the Canadian form loan board are not kept by counties and the information asked for is not now available. Moreover, transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.

Mr. BRUNELLE:

1. How many farmers in the county of Champlain made application for a loan under the provisions of the Canadian Farm Loan Act, 1935, since the coming into force of the said act?

2. How many loans were granted?

3. What are the names and addresses of the farmers of the said county who secured a loan?

Mr. DUNNING:

The following answers are furnished by the Canadian farm loan board:

The records of the Canadian farm loan board are not kept by counties and the information asked for is not now available.

Moreover, transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.

Mr. BLANCHETTE:

1. How many farmers of the county of Compton applied during the year 1935 for a loan under the provisions of the Canadian Farm Loan Act?
2. In how many cases was the loan application granted and the loan made?
3. What are the names and addresses of the persons who secured a loan in this manner?
4. What was the amount of each such loan?
5. In how many cases was the loan application refused?
6. What was the total amount involved in the loan applications that were refused?

Mr. DUNNING:

The following answers are furnished by the Canadian farm loan board:

The records of the Canadian farm loan board are not kept by counties and the information asked for is not now available.

Moreover, transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.

Mr. LECLERC:

1. How many farmers of the county of Shefford applied during the year 1935 for a loan under the provisions of the Canadian Farm Loan Act?
2. In how many cases was the loan application granted and the loan made?
3. What are the names and addresses of the persons who secured a loan in this manner?
4. What was the amount of each such loan?
5. In how many cases was the loan application refused?
6. What was the total amount involved in the loan applications that were refused?

Mr. DUNNING:

The following answers are furnished by the Canadian farm loan board:

The records of the Canadian farm loan board are not kept by counties and the information asked for is not now available.

Moreover, transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.

DOMINION HOUSING ACT

Mr. HEAPS:

1. What has been the total amount of applications for loans under the Dominion Housing Act, 1935, as at January 31, 1936?
2. What has been the total amount of such applications granted as at January 31, 1936?
3. What has been the amounts of applications requested and amounts granted in each of the provinces?
4. What is the total number of houses constructed and under construction as at January 31, 1936, in each of the provinces?

Mr. DUNNING:

1. $705.709.
2. $666,508.
3.

	Applied for	Granted
Ontario	$256,046	$ 250,446
Quebec	449,663	416,062

4. Information not available.

N.B.—The figures given in this answer relate only to applications made by lending institutions to the Department of Finance.

Mr. ISNOR:

1. How many applications have been received, during the year 1935, from Halifax county, Nova Scotia, for loans under the Dominion Housing Act?
2. How many loans have been granted during the above period?
3. How many applications have been received for loans, under the Housing Act, during the month of January, 1936?
4. How many loans have been granted during the above period?
5. How many loan companies in Nova Scotia have signified their intention of cooperating along the lines of the Dominion Housing Act?
6. What are the names and addresses of such firms?

Mr. DUNNING:

1, 2, 3, 4. None by Department of Finance. (The Dominion Housing Act requires that all applications be made in the first instance to approved lending institutions, and there is no record except of applications that have been submitted to the department after approval by such institutions).

5, 6. None.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT RELIEF CAMPS

Mr. MacINNIS:

1. What was the number of persons in relief camps operated by the Dominion government, on the following dates: May, 1933; December, 1933; May, 1934; December, 1934; May, 1935; December, 1935?
2. What was the number of persons receiving relief as reported by the provinces and federal departments for each month of the calendar year ending December 31, 1935?

3. What was the number of persons receiving relief as reported by the provinces and federal departments on the following dates: April, 1933; April, 1934; April, 1935?

STREETSVILLE, ONT., CUSTOMS HOUSE

Mr. GRAYDON:

1. Has the customs house at Streetsville, Ontario, been closed?
2. If so, when?
3. Is it a temporary or permanent closing?
4. What was the total volume of business done through this port in each of the ten years preceding this closing?
5. What was the total gross income from the operation of the said port in each of the ten years as aforesaid?
6. What was the total cost for salaries, rent, and other necessary carrying charges for each of the years of the aforesaid period?
7. If this customs house has been closed, what are the reasons for such closing?
8. What other ports in Canada, if any, have been closed since the present administration took office?

EXPORTS AND IMPORTS OF FARM PRODUCTS

Mr. LACOMBE:

1. What was the amount of our exports of farm products during the years 1930, 1931, 1932, 1933, 1934 and 1935, respectively?
2. What was the amount of imports of the same products during the same periods?

ITALO-ETHIOPIAN WAR

MOTION FOR THE PRODUCTION OF CORRESPONDENCE BETWEEN GOVERNMENTS AND WITH DOCTOR W. A. RIDDELL

On the motion of Mr. Heaps (Winnipeg North):

For a copy of all letters, correspondence, cables and other documents exchanged between the government of Canada and the government of Great Britain or any other country, and also between the Canadian government and Doctor W. A. Riddell, Canadian representative at the League of Nations, regarding the Italian-Ethiopian dispute.

Mr. MACKENZIE KING: Mr. Speaker, it is not the established practice to publish correspondence which is of a confidential nature between the government of Canada and governments of other countries, nor between the government and its representatives abroad, especially where the correspondence relates to matters which affect other countries or to matters that are pending. However, knowing the desire of hon. members to have the fullest information possible with respect to matters bearing immediately upon the Italo-Ethiopian dispute, and particularly with reference to the happenings at Geneva referred to by my hon. friend in his motion, I indicated some days ago that I would ask the Under Secretary of State for External Affairs to have prepared as speedily as possible a white paper containing the essential documents bearing on these matters. I hope to be able before the end of the present week to table a white paper which will contain the following documents:

The report of the committee of the council on the facts of the dispute and the recommendations made by the council in September for settlement, with the replies of Italy and Ethiopia;

The action taken in the council and in the assembly following these reports;

The setting up of the coordination committee and the committee of eighteen, with their recommendations;

The steps taken by the Canadian government with regard to these recommendations; and

A statement prepared by the coordination committee stating which members of the League of Nations have or have not taken action on the various sanctions proposals, the December peace proposals, etcetera.

The statement will also include the committee discussion on proposal 4(a)—the oil sanction proposal—regarding extension of the embargo on exports to Italy.

I think these documents will cover practically all that my hon. friend and other members of the house will wish to have. If, however, anything has been inadvertently omitted which should be included in the white paper, I shall endeavour, when the time comes, to make good the omission so far as it is in keeping with the established practice.

Mr. HEAPS: The Prime Minister has referred to certain correspondence which is confidential in its nature. I should like to know if there is any objection on the part of other governments to this correspondence being published.

Mr. MACKENZIE KING: Up to the present the other governments have not been asked whether they would wish to have the correspondence published. I must say, however, after looking over the dispatches, that I should be much surprised if any government would wish to have very much of it published, having regard to its confidential nature and the number of countries it affects. But if my hon. friend has any particular correspondence in mind, I shall be very glad to discuss the matter with him personally and see if it is not possible to bring down what he wishes to have, or to let him see the correspondence privately if such is his desire.

Mr. HEAPS: Mr. Speaker, I do not want any special privileges in that regard, but when there is so much at stake, I think that having

been on the brink of war, we ought to put an end to these secret negotiations as between country and country and let the people know all the facts.

Mr. MACKENZIE KING: This matter is probably not subject to debate in the way we are carrying it on, but in order to make it quite clear to the house that the present administration is not adopting a practice at all different from that which has always been followed, I would refer my hon. friend to an exchange of opinion on the matter of making public correspondence of the kind referred to, which took place between the right hon. leader of the opposition and myself when we were in opposite positions to those we occupy at the moment.

A request was made on June 1, 1931, as will be seen from the record of proceedings of that date, for:

A copy of all documents, telegrams and other communications exchanged between the Prime Minister of Canada and Canada's representative in England, the Honourable G. Howard Ferguson, regarding the wheat conference held recently at London.

And the then Prime Minister (Mr. Bennett) replied as follows:

I think it is a matter of common knowledge that the information here sought cannot be supplied. Communications between representatives of this country in England and the government here are privileged. Of course, any action that is taken is a proper subject of comment, but if communications of this kind were made public, government could not be carried on. I inquired this morning and was told that the communications could not be supplied, and that it had never been the practice in the past to request that such be done.

I thought it was proper, knowing what the practice had been, to supplement what my right hon. friend had said by making clear that my right hon. friend's representations did not indicate a departure from previous practice. I then said:

I agree with the remarks of the Prime Minister with regard to communications between this government and the High Commissioner in London. Such communications, unless quite evidently intended otherwise, have always been regarded as privileged.

I have only to add that anyone who is aware of the correspondence that necessarily takes place between the government here and its agent in London or at Geneva will see that it would be impossible to carry on business at all if it were understood that all such communications would have to be published. Some communications that are vital, respecting, for example, a decision or course of action, it would be perfectly proper to have brought down, but they would be drafted accordingly at the time. It is not a matter of secret diplomacy at all; it is simply a matter of carrying on government.

Motion dropped.

MOTIONS FOR PAPERS

POINT OF HEAD, GROSSE-ISLE, PUBLIC WORKS

Mr. BRASSET:

For a copy of paysheets respecting all work executed at Point of Head, Grosse-Isle, Magdalen Islands, Gaspé county, by the Public Works department in 1932, 1933, 1934 and 1935, of which work Mr. Frank L. Prest was the foreman.

CAPTAIN JOHN S. SMITH

Mr. BROOKS:

For a copy of all letters, correspondence and other documents exchanged between the honourable the Minister of Fisheries, any official of the Department of Fisheries, and any other person, relating to the dismissal of Captain John S. Smith, of Lower LaHave, in the province of Nova Scotia, who was employed as chief steward on the Arras, and also to the employment in the same capacity of Captain Harris Himmelman, of Lunenburg, in the said province of Nova Scotia.

PAUL VEZINA

Mr. WERMENLINGER:

For a copy of all correspondence and other documents, departmental and otherwise, in the possession of the Marine department, relative to the dismissal of Paul Vezina, of Boischatel, Quebec.

RECONSTRUCTION POLICY

PROPOSED MEASURES IN RESPECT OF HOUSING, LAND SETTLEMENT, REFORESTATION; YOUTH IN EDUCATION, INDUSTRY AND EMPLOYMENT

Mr. T. L. CHURCH (Broadview) moved:

That, in the opinion of this house, Canada should immediately adopt a comprehensive national housing, building, reconstruction, renovation, slum clearance, land settlement and reforestation policy adapted to its circumstances and also embracing as one of its main features a national policy for youth in relation to education and industry and employment, so as to get people off the dole and back to remunerative employment.

And further, that this house is also of the opinion, that in any such national reconstruction policy a lower rate structure for bank, mortgage and insurance loans is an immediate necessity. Such a reconstruction policy to also embrace protection for industrial workers in urban and suburban areas from forfeiture on the same principle as farmers and fishermen are now afforded by existing legislation.

He said: Mr. Speaker, the subject matter of this motion was brought before parliament last session, although in another way. On

January 23 and 24, 1935, this house considered my resolution on the whole question of reconstruction and housing and what could be done under the powers of parliament to get the people off the dole and back to work, and a select committee on housing was appointed. To-day is private members' day, and to the new members I may say that the private member is the connecting link between the government of the day and the electorate. When he ceases to function all parliamentary government is at an end. The great authority for this is Edmund Burke, who refers to this right as one of the oldest rights and privileges of a member of parliament under our parliamentary system. The rights and functions of the private member have been curtailed in recent years in many parliaments of the world by what is known as the party caucus. The private member owes a duty to his constituents, to function as a member in a free parliament and to do his duty accordingly.

The wealth of this country does not consist only of the natural resources of the sea, of the soil, of the forest, of the mine or of the lakes; it does not consist only of the grain in our great elevators or the shipping in our harbours; there is a more glorious treasure than that, it is in the character of our people. This character through unemployment is gradually being destroyed. The care of the young citizen is our most important duty. Several billions of dollars have been spent on the construction of our railroads, but only millions have been spent on our educational system. Our school boards are doing the best they can to educate the rising generation. I approach this question this year, as I did last year, from a non-political standpoint, because housing, reconstruction and unemployment are the greatest problems we have to face. Unemployment and distributism are two very important problems which still remain unsolved. While I am opposed to the government opposite in a general way I realize that they are a government of Canadians and I believe they will do their utmost for the people of the country, as they see it.

Another great problem facing this country is law reform, constitutional reform and cabinet and parliamentary reform. I have been talking to gentlemen who were members of the last parliament and they told me they did not desire to return because there was nothing left for a private member to do. Private members sit around their offices all day, and the time has come when they should be up and doing something for the people who sent them to parliament. We are sent here for specific purposes. I represent an industrial district now—Broadview—half of my old constituency of East Toronto, and I receive splendid support from the hon. member for Greenwood (Mr. Massey), who has that part of my old constituency now, and who has done a great deal for the youth of the country. Thousands of my constituents are out of work and on relief. Skilled workers, carpenters, bricklayers, lathers, plasterers and labourers are now out of work, men who never before knew what it was to be without employment. Sixty-five per cent of the people in my riding used to own their own homes, but because of the intolerable conditions which now obtain in this country, these men are out of work.

Considerable progress has been made in the solving of this problem. In my remarks last year I gave a great deal of credit to the then government. I do not believe the late government was defeated because of its advanced policies; but because of the deep resentment the world over against all governments. They were the first government since confederation to bring forward a new deal for the average forgotten man. These matters have gone to the law courts but we should remember that one of the cardinal principles of the British constitution is that the courts are subservient to the legislature and that the people are the court of last resort. Hon. gentlemen who are private members have been sent here to try to get some relief from these intolerable economic conditions. Both the industrial and agricultural workers need this relief. The former Prime Minister (Mr. Bennett) made a brave effort to solve these great problems in his square deal and new deal for the forgotten man. He did not have the support in the house that he should have had from all the parties; nevertheless he did his best. Courts in other lands have taken certain action, such as at Washington, but the time is coming when the people will have something to say about these things. After all, under our constitution the court of last resort is the people, and parliament is the highest court in the realm.

Some progress has been made towards correcting these disgraceful conditions. I want to thank the former Prime Minister for having given his support to the appointment of a committee last session to consider housing and reconstruction problems. This committee sat for several weeks and presented its report to the house. Thanks are due to Colonel the Hon. H. A. Bruce, the Lieutenant Governor of Ontario, for the splendid work he has done

in this connection. He is a great physician and surgeon, and he realizes that the public health is closely connected with housing conditions. Unless you have proper housing you cannot have health for the rising generation. Considerable progress has been made in England. Our present sovereign, King Edward VIII, was one of the pioneers in this connection. He visited slums in London, in Wales and in other parts of Great Britain, and in 1933 he aroused the whole of England to the necessity of correcting this slum problem. What has been the result? There have been constructed in England a total of 2,600,000 houses under the auspices of various public and private bodies. As our sovereign said:

> There is, however, one municipal service, one local government service, of which I would like to say an extra word—one that I consider the most important of all that you authorities have to face—and that is housing.

Those were the words he uttered when addressing the one-hundredth annual dinner of the association of municipal corporations at the Guildhall in London. He also made reference to what has been done in this connection.

Canada was once a nation of property owners; practically every man owned a property of some sort, whether a small farm, a market garden, a grocery store, a mill, or something of that kind. We were all property owners, but I am afraid we did not notice how this condition gradually passed away. Canadians owned real estate; and that individual ownership, on the comparatively extensive scale on which it then existed, was the basis of Canada's national life at that time. But the politics of big business has practically destroyed pastoral Canada, and it is the duty of this parliament, it is the duty of hon. members of all parties, to take this question into serious consideration. We must dedicate our efforts to the solution of the unemployment problem, and one very effective means of bringing that about is to restore the condition that existed under Sir John Macdonald and Sir Wilfrid Laurier, and under Whitney and Beck. Then Canada was indeed a land of the free; Canada was the home of artisans and farmers. Canada was then a democratic country, its democracy resting on the basis of private property and individual freedom in the real sense. But there is no real freedom to-day, when working man and farmer alike are at the mercy of arbitrary economic factors that are altogether beyond their control.

Consider the condition in England only four years ago. Things looked black in the old country; England was the highest taxed country in the world. To-day we find a very different state of things there. What has been responsible for England's survival of the greatest of all depressions the world has ever known? Why is it that England has come through this trying period better than any other country? One reason is, Mr. Speaker, that twenty-three years ago she saw fit to institute a system of sickness and unemployment insurance; she took a census of the unemployed and, in a practical way, made provision for just such a situation as the whole world has faced in the last few years. Four years ago, I repeat, things looked hopeless in England; but the scene has changed, and the adoption of a sensible tariff policy together with a sound program in the interests of the working classes has worked wonders. England has built houses for her people and has emerged from the greatest depression in the world's history. She is no longer in a unique position in regard to taxation, for the United States and Canada are pretty well where she was four years ago. England decided that the only way to recovery was to take in more than she paid out, and so we see the miracle of the balanced budget.

In nothing is the determined spirit of the mother country more evident than in her program of construction of new homes. People who have been in England in the past two or three years have returned to Canada enraptured with what they saw over there in the construction of new houses; the spirit of the mother country has been particularly evident in what she has done in that direction. Large apartment houses are going up all over the countryside. Houses have been built by government subsidy, and England has shown her determination properly to house as large a proportion as possible of the poorer classes of the population. One man remarked to me that low cost housing there had ceased to be a political issue, and I submit that the same should be true in this country. Low cost housing is a permanent government policy in England; long may it continue. And it should be here as well. There is great need for construction of houses, not only urban but suburban and rural as well, the last mentioned being the most needed of all. Let me quote something I came across in the reading room the other day. This newspaper item is typical of many; it refers to Windsor:

> To-day is moving day in the historic and picturesque village of Coinbrook, on the Bath road, near Slough.
>
> More than 100 houses—practically the entire village—are to be demolished under slum clearance orders made by the Eton rural council, and tenants to-day moved to a new village which has been built some distance away.

At an early hour people brought their furniture into the street and it was conveyed to the new houses by all manner of conveyances.

Already the work of demolition has commenced, and this afternoon High street looked as it would after an air raid.

Whatever we do in Canada in connection with a housing scheme, however, we must take care not to hand on to posterity too great a burden of debt. Our debt is already large enough, the result of the war and relief costs, and we must not do anything beyond our circumstances. The object I have in mind is for the government to undertake an extensive housing and reconstruction program, on a sound economic basis, with the double purpose of providing jobs for the unemployed and of making provision for the underprivileged who are living in slums. England has led the way in this respect, having shown a real regard for the welfare of the common people.

I stand for property and contract rights, and these must be respected in connection with anything we do in the way of a reconstruction program; but I am also for human rights, first, last and all the time. There is no reason why a proper policy could not be set in motion, which would give fair play to the farmer and the labourer, the producer and the consumer, at the same time removing all the admitted abuses of the present system. We know what effect modern machinery has had on labour; every new process throws men out of work. Women can handle machines as well as men can, and Canada has become a nation of machine-minders. In my opinion, before the bar of history, the Victorian and Edwardian statesmen must take a large share of blame for not having foreseen the situation that would result from the introduction and development of science and the machine.

The welfare of the people should be our first care; there can be no remedy for the present state of things until the whole structure of our national economic life is so shaped as to produce stability. It is more important that heads of families should have remunerative work than that boards of trade should publish returns showing immediate profits. Our national and economic life must be so modelled as to aim at a national balance and stability rather than at the largest immediate profits. I hope that hon. members will get copies of the report of the housing committee set up in this parliament at the last session; they will find some very interesting reading in that report. I would refer them particularly to page 13 of the report:

From A Housing Program for the United States, by the National Association of Housing

Officials, we extract the following: "In time of industrial depression and consequent unemployment, low-cost housing provides one of the most effective and least costly types of relief works because:

(a) It does not displace work which would otherwise be undertaken by private enterprise.

(b) It expends the capital cost mainly in labour widely distributed among the branches of the building industry and others which manufacture the materials, equipment and furnishings.

(c) It transforms what are at such times idle credits into revenue-earning and self-liquidating assets, which may be regarded, therefore, as investments rather than as debts, and are likely over a long period to prove good investments."

The concrete and lumber industries, as well as labour, would benefit by a housing scheme. For social and economic recuperation and advance through the relief of unemployment, the fostering of housing for low wage earners now living in undesirable slum conditions is, the report says, the most promising as distinct from higher class houses for those who can be financed through the usual agencies. Evidence shows that financial institutions can assist at a capital cost line of $3,500 and above. The report goes on to refer to the fact that the amount to be paid for relief must be around $100,000,000 in the twelve months ending March last. There would be a large amount of that hundred million dollars saved by giving work, and that would be spent in wages and remunerative work for numbers of our population.

When I first appeared in this parliament, in the session of 1922, the coal, steel, and iron industries were in bad condition: thousands of people in Sydney were in rags, in distress and starving I then proposed a system of protection, because I am a protectionist. I am a protectionist for all the people, not for some of the people. I am a protectionist for the farmer, for the consumer, producer, industrial worker, and for labour. I brought in to parliament a coal policy whereby all the coal used in this country should be mined and coked under the British flag,—whether from Wales, the maritimes, Alberta, and so on. Sir Henry Thornton in the railways and shipping committee criticized me for my policy, and said I wanted a lunch counter system of freight rates, because of my policy, of bonus, subventions and subsidies for this national fuel supply policy and for steel and iron. Later the government accepted this subsidy policy after twenty years, and it saved a great many workers from a slavery worse than death. Under that policy in 1935 2,800,000 tons of coal have been moved economically to the head of the lakes by rail and water. Subsidies

have been given and have been continued, and rightly so, and the subsidy policy extended to the poor grain grower on the prairies and the farmers throughout the country. I would extend that subsidy through housing and reconstruction to aid the municipalities. I would make a large direct contribution to the larger municipalities for the construction of small houses, because all indications show that for many years working men will need some form of cheap housing such as they have in the old country. I suggest that we should extend that policy by subventions, bonuses and subsidies to the large municipalities direct and to the smaller ones, the rural ones, through the provinces. That is what they are doing in Italy. Italy has been building municipal institutions and for the next twenty-five or forty-five years to help unemployment they will construct court houses, gaols, hospitals, schools, playgrounds, harbour improvements, irrigation schemes, breakwaters and projects of that kind by direct aid to the municipalities. Money has been granted to the muncipalities to enable them to continue their necessary and urgent program of public works, which was stopped by the depression and relief expenditures, and much money has thereby been made available to the muncipalities directly and indirectly for the relief of the unemployed through these municipal works, federally-aided by a third or half cost.

The Bruce report on Toronto is being given performance so far as some of these matters are concerned. I do not believe everything in the Bruce committee's report, but they certainly performed a great public duty, and now the wise and up-to-date policy of the city council this year will do untold good by compelling owners to put in conveniences and renovate, or the city will step in and do so; and also, the city can now lend the owner money for that purpose, thus, at one blow, helping the slum problem and carrying out the Bruce report.

One of the objects of my motion is to make the house and the country "housing minded." Many houses in Canada are occupied by industrial workers who are only on half time or part time. These dwellings they inhabit are not fit to be called homes or in many cases fit for human habitation. The landlord is exacting the last cent he can get. These slums are against all the laws of public hygiene. Workers of this class have always been the victims of bad housing and the high prices exacted by some landlords. One of the main reasons for better homes was given by the Prince of Wales, now King Edward VIII, in figures he quoted from the report of the housing committee showing the connection between better housing and a reduced death rate.

It was shown last session by the then member for Battle River that some shark insurance and loan companies incorporated here have been charging as much as forty per cent for second mortgages. Not satisfied with that what do they do? They take a chattel mortgage and bill of sale on all the furniture in the house, and often the tenant loses his last cent, and is put on the street. I say something should be done to reduce bank, insurance, mortgage and interest rates. The insurance companies are doing something in the United States. For instance the New York Life have advanced $25,000,000 to build houses at Gravesend Beach so as to do something for the working people of the city of New York. I am glad to see the progress made by the city of Toronto, which has been a pioneer in this housing and health work since the days of the great Doctor Hastings. I am glad that a by-law has been passed by the council, after checking up every house in the city, requiring the slum landlord, upon notice, to make necessary improvements, to put in sanitary appliances. If he does not do so the municipality will advance a loan for renovations of $50 or $100 or more and will get security. While we are waiting for parliament to do something on these lines, the municipality of Toronto is doing something by itself in the cause of its good government.

I am surprised that our friends the socialists in this house, who sometimes take up so many bad causes, have not pleaded more strongly the cause of the suburban worker and a suburban railway service. In that connection I may mention the case of London. By comparison with wasteful expenditure on the main roads which do nothing for the comfort or economic efficiency of the people, but rather subsidized the motor industry at the expense of the railway lines—I am not opposing proper good roads for the farmer, but some of these large road expenditures have been very wasteful, since they simply provide a right of way for the motor industry parallel with the steel rails built by the people of Canada, who have to construct their own right of way—the same thing should be done for housing as is being done in London, Philadelphia, New York and Montreal, where a suburban service of rapid transit has been built, and commutation tickets given, so aiding the housing system, and letting the people get out to the country.

I have only about fifteen minutes more, but one or two other matters should be re-

ferred to. The first one is the high rate for bank interest. With the addition of charges, a rate of seven per cent amounts to a lot more than that, and small workers cannot get much of a loan on small businesses. Something ought to be done by the government to straighten out conditions in this respect for the benefit of the worker. That is not a matter for the initiative of the private member; it is the business of the government. I wish to offer constructive suggestions. If they bring down any policy for the good of the country they will have my support. These loan companies have charged high rates for years, but the days of high money have gone by. The late government deserved a great deal of credit for the housing policy they inaugurated last session. At the time it was about as far as they could go, but with the money situation as in normal times, more can be done. The policy of getting loans through selected companies would be a good one. I believe that in the coming spring some of the 50,000 people in the city in which I live will want to move from the apartment houses back again into a house of their own, having been driven by the depression into apartments, three or four years ago. When they start to do that, if they can get $1,000 together I believe this 1935 act will be a very wise policy, and in the future it is going to be a very good thing for the building industry. I appreciate the fact that with the commitments the government had under the so-called new deal this was only a start in the right direction, but in my opinion they did not go far enough. The policy of moratoria should be continued; if they are abolished the workers are going to suffer. There may be some few whom these moratoria affect adversely, but those are the people who have been receiving 6 per cent, 6½ per cent and 7 per cent interest. I am informed that property is down from 25 to 50 per cent, and that has to be considered when you deal with an interest rate of 7 per cent or 6½ per cent. So I hope these moratoria will be continued, or many people will be ruined.

In conclusion I should like to refer to the manner in which the youth of the country are affected. On January 30 of last year I discussed in this house the question of scholarships in connection with our high schools and universities, and a national policy of economic protection for youth. I pointed out the amount of money spent in the city from which I come, some $11,000,000 or $12,000,000, in the public schools and high schools. The great industrial revolution of England was started by five or six young men, some of them entirely without education and with none of the advantages possessed by the youth of to-day. Yet that revolution converted England from an agricultural country into the greatest industrial country in the world and made it the workshop of the world. That great movement was started by the people themselves for the benefit of people of all sorts.

I do not believe the young people of this country are getting proper treatment, and I believe it is the duty of all men to concentrate on bringing about a better social order for the common good, instead of leaving it to the government alone. After all is said and done profit making alone should not be the basis of a christian society; the well being of all communities should be the aim of all men. We want to help the birth and development of a public conscience which will demand a decent standard of living, under which no citizen need suffer from hunger or cold because of the operation of economic forces. In time of war when the invader is at the door we mobilize and nationalize all our resources, our men, our railways, our food and so on; we go to meet the enemy at the gate and repel him. So in time of peace, when this foreign invader, unemployment, is at our door, we should resort to similar means. In war we are united, but with respect to unemployment we are divided as to what should be done and the best means of doing it. We have a war in Canada to-day as bad as or worse than the last war; a war between thousands of our people and poverty and starvation. Canada's enemy is hard times, and that is just as dangerous as a foreign enemy.

May I repeat what I said last year, that these young men are riding all over the country trying to find work. Many of their fathers are on relief, and these boys have no place to go. They have tried hard to get jobs, as we all know. When there is not enough food to go round they have enough courage to leave home, to ride the rods all over Canada in an endeavour to find jobs. Many of these young men are from the finest homes of this country; many of them are in the lockup to-day, and the only charge against them is that they cannot get work owing to the failure of our governments to come to their support. I believe the time is coming when something will have to be done. These youths, accustomed to a fair standard of living at home, now go for days without taking off their clothes; they sleep at night in unsanitary places; they suffer from cold and hunger; many of them are

killed on the railways. In the towns they are given a night's lodging and then moved on to the next place.

I believe, Mr. Speaker, that industry will have to do something for these boys. In the United States, Hon. Miss Perkins, federal secretary of labour, has adopted a policy of looking after hundreds of thousands of these bright high school and university students, which includes the payment of school fees, carfare and $1 to $2 a week, as well as the necessary books to enable them to continue their education. Something like this was done in Toronto fifty years ago; at the old grammar school on Jarvis street they used to give scholarship assistance of this kind, and I believe a similar system should be adopted in this country. But $100,000 is not enough; we should spend $1,000,000 or $2,000,000 for the further education of these bright students who otherwise may leave the country. We used to talk about the export of raw material; what about the export of brains? That great Canadian Sir Frederick Banting and others of our great university graduates, might have been lost to this country, and there are many similar cases. The educational authorities must take a leaf out of the book of the United States and the old land.

I should like to conclude by making the prophecy that within three years there will be an agricultural economic revolution in the old world, and I believe there will be an educational economic revolution as well. The other day I read a most interesting book written by some of the ablest men in England, including Mr. W. S. Morrison and Lord Eustace Percy, former president of the board of education. I should like to read one or two paragraphs from that book; it is from the section written by Lord Eustace Percy:

> The urgent need of the present day is to control the entry of juveniles into employment, to make the termination of full time schooling coincide with that entry, to modify or eliminate all regulations or examinations which are obstacles rather than aids to that transition, and to ensure that the first years of employment shall be treated as years of training and continued education. This policy involves, first of all, not a merely educational, but an industrial reform; the imposition on organized industries of a statutory duty to formulate their schemes of recruitment and training, or, in other words, a revival in a new form of the idea of apprenticeship as the path to a definite professional status.

I am not of those who advocate that further burdens should be placed on industry, because I believe they are already carrying too many. One of the main causes of unemployment is the trade barriers that exist at the present time, but the educational system of the future will have to take care of the youths of school age under twenty-one years of age who are not being looked after under the present absurd system. I quote further on this new policy for industry and education:

> It involves, in the second place, an extension of compulsory full time school attendance, not to some fixed and unalterable point dictated by the requirements of school courses, but to points corresponding with the various approved recruitment schemes of industries. It means, thirdly, a new cooperation between the state and industry in the establishment of a system of part time education, designed to assist the gradual transition from full time school to full time employment and to combine a continuation of general education with the training of industrial skill. It means, finally, the encouragement during full time school life of every contact with practical, including accupational, life outside the school which does not endanger health or unduly interfere with school work; together with a steady attempt to limit the scope, and restrict the significance, of purely school examinations.

And further:

> In our educational example, one of the chief weaknesses of the body politic is the dislike manifested by many of the most enlightened industrialists, who are really keen on education, for any organized system of part time education and part time employment. The problems of internal factory organization which such a system must create are many and serious; yet unless they can be solved, unless the inhibition can be removed, no thorough educational reform is possible. There is some obvious way of removing the inhibition; the five day working week, during which the employed juvenile would receive his specific craft training in the factory, with a universal system of Saturday morning continuation classes. This idea needs careful testing before it is put into practice, but in many, if not in most, industries Saturday closing night will be found to have positive advantages in reducing "terminal" costs, and again educational reform would be merged in a larger reform of occupational life, a reform which would be organic because it would be economic.

We know what they are doing in Denmark. They are getting the market by a proper system of marketing and transportation; they are getting the cream of the business in the old land to-day. They have a system of high school training for adult persons at night. We are away behind in our educational theories in this country; we have too many quack doctors connected with our educational system, and the whole thing is sadly in need of reform. The government cannot compel industry to take on more employees, because to add to their staffs might ruin many industries.

There are millions of acres of fertile land in Canada, which could be used to supply vegetables and food to needy families. This land would not be the means of bringing riches to our youth, but it would be better

than camps, and the accommodation would be better than city flats or the old huts, in which our forefathers lived. Many young men around our cities would accept such shelter and wait for better days. In my opinion financial assistance should be given for two or three years. In this way young people would not be compelled to live lives of idleness.

Further, may I say we are behind times in matters of reforestation. I have before me a report which I should like to take time to read, which indicates what has been done in Japan and Germany and twenty other countries in reforestation and settlement. In Canada our forests are being ruined. We are losing a great deal of money in this way, and much of the money spent on a national system of highways and transcontinental railways is being lost through not having a proper forest policy along the route, creating work and settlement. We should be restocking our forests, thereby giving large numbers of our citizens work. For the preservation of our natural resources we could use graduates from our universities. Last year Mr. Gordon and the then Prime Minister did a commendable work when they set aside a vote of $2,000,000 for inquiries along these lines, and for mining surveys. We could learn a lot from Germany and other European countries, and I am trusting that something may be done. I regret having to bring this to the attention of the house, but the people in my constituency are interested in the matter. I believe one of the greatest misfortunes is that our rising generation, through no fault of their own, should be in the sad unemployed condition in which they find themselves today. It is against the law of God and man that this condition should continue. Hon. members sitting in this parliament should do something about it. Under our parliamentary system the private member has not a chance to take action in these matters; all he can do is to bring it to the attention of the house. I say all hon. members should rise in their places and tell their respective political parties what the people back home are saying, as to the need of solving the whole question of unemployment.

We have to reorganize our whole system of parliamentary government in Canada. Our system is based on the British North America Act, and is a relic of the ox-cart days. This act has the working class in a straight-jacket and unemployed.

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

[Mr. Church.]

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I rise not for the purpose of dealing with the specific proposals in the resolution but because I believe this is the opportune time to express the government's attitude generally towards resolutions which directly or indirectly involve expenditures of public moneys.

As most hon. members are no doubt aware, any resolution involving an expenditure of public money must be presented to the house by a minister of the crown, the authority of the crown having been previously given for the introduction of such resolution. While it is most desirable that hon. members should feel free as fully as possible to discuss all resolutions, and particularly resolutions similar to the present one, which relate to great social and industrial problems, I hope hon. members who have resolutions on the order paper which may be read as committing the government to additional expenditures will not feel that they ought to press for a division, unless there be a special reason for so doing.

The adoption of resolutions involving even indirectly the expenditure of public money necessarily appears to lead to commitments on the part of the government. I will be frank in saying that up to the present time members of the government have been unable to discover the number of commitments to which the country is already obligated. Every now and then, we have felt that we have reached a point where we are aware of all outstanding obligations, but to our amazement on a subsequent day some new obligation comes to the fore, and we find that in connection therewith the country has been committed to additional expenditures. It is our hope during the present session to bring before the House of Commons, and through it before the country, some understanding of the magnitude of the expenditures to which Canada has already become committed, as well as of what is involved by way of additional taxation to meet such commitments.

Before the house can wisely decide upon additional commitments to be made I believe it is necessary that hon. members have this bird's-eye view of the entire financial situation. It is for that reason, and that only, that I express the hope that hon. members will not wish to go the length of asking for a division on any of these resolutions, thereby involving should the resolution be adopted what might be construed as a commitment for additional expenditure on the part of the government. I do not make this request with respect to future sessions, but I do with regard to this

one, until, as I have said, all hon. members have a chance to see just where we stand in the matter of expenditures and income.

There is one other point I should like to stress, namely that the government's policies with respect to these various matters will be announced from time to time, as the government has had opportunity to give to the various subjects concerned that careful thought and consideration which should be given before any public announcement is made. There are some matters which thus far we have not had an opportunity fully to consider. It is not very long since the general election was held. Since then many important matters have consumed much of the time of my colleagues and myself and this to an extent which probably very few are able to appreciate. The result is that in connection with some matters concerning which we would like to give an immediate expression of view we may have to take a little time for further consideration.

My purpose in rising is simply to encourage, if you like, as much as possible in the way of discussion, counsel and advice from hon. members with respect to what ought to be done in these various matters, while at the same time expressing the hope that hon. members in the next few months will refrain from pressing to a division resolutions which may be construed as involving additional expenditures. Should that course not be followed, the government might reluctantly feel it necessary in the public interest, merely because of not knowing the probable extent of necessary expenditures, though not through any lack of sympathy with the measure or cause being advocated, to take towards some resolutions an attitude which under other circumstances might be wholly different.

Mr. H. J. PLAXTON (Trinity): Mr. Speaker, for a few moments I wish to discuss the resolution moved by the hon. member for Broadview (Mr. Church). I consider it my duty to speak at this time because in the constituency of Trinity, which I have the honour to represent in this chamber, the conditions of unemployment and relief are found in their most intense forms. As I hope to establish to the satisfaction of hon. members, these problems are definitely related to that of housing.

Of the 75,000 people found within the confines of my constituency I would estimate that about 25,000 are on direct relief. Of that number approximately 10,000 are unemployed. The significant fact is that the housing conditions respecting those 25,000 people in the constituency of Trinity typify the general problem throughout Canada. Having made a partial survey, and to that extent speaking with some authority, I say that in the past the great majority of those 10,000 unemployed have been identified in one way or another with the building industry. It may be safely stated that while many industries have enjoyed a sharp revival and general pick-up in business during the past few months, and particularly since the Liberal administration has taken office, the building industry has continued to lag far behind, in fact it is almost in statu quo, having regard to the last five or six years. It may be said with equal assurance that a revival of the building industry offers us our most potent weapon to reduce substantially the ranks of those who are to-day unemployed or on direct relief.

I might go further and point out that if we are to judge from the experience of older countries which have attacked this joint problem of housing and slum clearance, this government and this country would be well repaid by adopting an adequate national housing scheme and thereby effect a great reduction in health and crime costs in this country. It is almost axiomatic to say that where you have slum conditions obtaining you will also find disease and crime rampant, and I suggest that it is only by ridding the great cities of this country of these black spots that we can hope to check, much less reduce, the tremendous governmental cost in respect to these evils of society. Only the other day I was informed by Doctor Gordon Bates, president of the Health League of this country, that the people of Canada spend in one way or another approximately one billion dollars annually to check the ravages of disease, whereas we devote only five million dollars to preventive measures in that connection. These figures, which I assume to be approximately correct, are truly startling, and I say again that they are directly relevant to the question of housing.

I can only, for lack of information, hazard a guess, which I shall not inflict upon this house, as to the stupendous cost of the administration of criminal justice in this country, but it is significant that in the estimates which were tabled in this house only a few days ago there is an appropriation of $2,749,506 for the administration and maintenance of those few penal institutions which fall within the jurisdiction of the federal government. I say again, Mr. Speaker, that if we revive the building industry only to the extent that we eliminate the slum conditions, we shall have set in motion a

process which will effect a vast saving in respect of these major problems of crime and disease.

What I have had to say in respect of these vital aspects of the housing problem is lent some weight when I refer to the opening remarks of a report made by the National Housing Committee of Great Britain in 1934. Their statement is rather significant, and is found in the report of the lieutenant-governor's committee on housing conditions in Toronto:

> One fundamental principle lies behind all our discussions. The provision of housing accommodation, not below a minimum standard, for every family in the United Kingdom at a rent within the family capacity to pay should be accepted as a public responsibility and a national service. Fit and proper housing is a national essential, in the absence of which our existing social legislation must prove unfruitful. As long as overcrowding and slums exist, the doctor is attempting a cure without being able to touch the root of disease; the teacher has the full force of environment against him; the social reformer is fighting a battle in which he cannot hope for decisive victory.

But aside from these indirect major advantages which would accrue to us from the adoption of an adequate national housing scheme, there is the more vital question of unemployment and relief to be considered, with all their disastrous effects upon the morale of the Canadian people. That problem which we all agree to be our most vital national problem, is directly connected with the housing question; for I repeat that if we can revive the building industry, no matter how it may be accomplished, it will constitute our most effective means of solving the problem of unemployment and relief. The correctness of that statement I submit can easily be gauged when it is realized that out of every dollar spent in the construction of a home eighty-two cents finds its way into the hands of wage earners connected either directly with the building industry or with one of the many other industries directly allied with it. So I say that if we revive the building industry, not only to eliminate the slum conditions in this country but to supply the shortage of some fifty-five thousand homes which now obtains in Canada, then at one stroke we shall have drawn back into gainful employment thousands of artisans, who it is estimated constitute some sixty per cent of those we find at present in the ranks of the unemployed.

It should be of interest to members of the house who are not aware of the fact, that the building industry has long since been revived in England, where since the year 1919 over one-quarter of the population, amounting to some eleven million people, have been rehoused, and where in excess of 2,300,000 homes have been erected. To my mind it is more than merely a coincidence that in keeping with the progressive expansion of the building industry in Great Britain there has been progressively a marked diminution in the ranks of the unemployed and in the terrific burden of relief costs incidental thereto.

Let me add one further thought. I would say in the light of the experience of the British authorities that the revival and expansion of the building industry in that country has, more than any other single factor contributed to the mother country's return to prosperity.

Likewise we have to consider the experience and enactments of other countries outside of Great Britain. I refer particularly to Germany and Belgium, and in lesser degree to the United States. There in the light of investigation that we might direct into those channels we find that it has been established conclusively that it is the duty of the government as opposed to private enterprise and private capital, to initiate and revive the building industry. Thus I say that we here in Canada, if we are to follow the lead of older countries, must in this parliament accord to the building industry our profound attention and supply it with the financial support which is so vital to its expansion and growth.

Before I leave for your consideration these facts, which appear to establish conclusively the success of the building industry in England, let me point out that private finance, coupled with individual initiative, has accounted for the financing and construction of fifty per cent of the homes that have been erected in that country during recent years. I have not the figures before me, but I think we can safely assume that of the $2,400,000,000 of public money that has been directed into the channels of the building industry, private capital has matched it dollar for dollar. The action which private capital took in England in this connection constitutes a real challenge to the businessmen of this country. I say to them it is high time that they realized the seriousness of present conditions. In these times of national emergency they should follow the lead of their brethren in England and accord to this government the full weight of their financial support in whatever building program may be initiated. However, in keeping with the selfishness and timidity which has characterized their actions in the past, the

businessmen of this country may refuse to assist the government. It may be necessary therefore, having regard to the emergencies of the time, for this government to do something which may be considered bad in principle, but which in the circumstances may be good business. It may be necessary for this government to induce private capital to enter the building industry by offering some concessions under the income tax act or other acts that may apply. I leave that thought for the future consideration of this house.

It is true that there is a housing act on the statute books of this country, known as chapter 58 of the statutes of 1935. Upon reading that act I am obliged to commend the previous administration for at least having recognized the problem to the extent which the existence of this act would indicate. However, I have several criticisms to make of this act which I believe hon. members will consider logical. The act has been in force since July 5 of last year, and although it provides for a $10,000,000 fund to be directed into the channels of building, it has become effective or operative only to the extent of a few transactions involving less than a million dollars. To be more specific in my criticisms, let me say first that this act apparently is not designed to promote the work of slum clearance. I think that any national housing scheme which does not provide for slum clearance is, ab initio, incomplete and inadequate.

Second, I criticize this act on the score that it offers no assistance to the many owners of tenement and other houses throughout the country who might desire to renovate or reconstruct. I think this criticism has considerable weight when you consider the fact that there are many houses in many of our large cities which are approaching a condition which will finally result in their being classed as slums. If the owners of these buildings received from the government some incentive to reconstruct or renovate, to that extent such an act would have some real effect.

Third, this act would appear to contemplate that the private citizen who wishes to build a home must contribute in land and/or cash at least twenty per cent of the cost of construction or of the assessed value of the completed property after construction. From my own experience and knowledge I can say that among the thousands of people who are in my own constituency it would be the exception rather than the general rule to find one who, desirous of building a low cost home, is possessed of sufficient assets to meet the requirements of this act.

Fourth, I criticize the act on the ground that the twenty per cent contribution to be made by the government is merged or blended with the sixty per cent contribution which it is contemplated will be made by the private lending institutions. I think this provision of the act creates a barrier over which private capital will refuse to jump in any substantial way. I would make an obvious suggestion by way of amendment: I would suggest that the contribution of the government should rank separately and secondly to the major contribution of the private institution.

To summarize my views with respect to this act, I may say that in a broad way I criticize it because it is not designed to permit of the government contributing to a real building scheme. It seems to me that the government is only participating along with the private corporations. If a definite program is to be established, I maintain that the government must accept the primary responsibility. If I may use the analogy, it is much like priming the well. If the government will accept the initial responsibility, a building program once set in motion will by its own momentum revive the building industry and its allied industries. Private capital will be drawn into the fold in spite of itself and happiness and prosperity will be brought to thousands of Canadians who are now out of work and on relief and who are found invariably to be poorly housed.

In concluding I should like to take this opportunity of paying a tribute to my old friend, the hon. member for Broadview (Mr. Church), for raising this question at such an early day of the session. I should like also to pay a tribute to the present mayor of Toronto who has waged such a doughty battle in the cause of slum clearance. I desire also to pay a tribute to the lieutenant governor of the province of Ontario, whose illuminating report on this matter has focused the attention of many thousands of Canadians on the problems of housing, rehousing and slum clearance.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I should like first to congratulate the hon. member for Trinity (Mr. Plaxton) upon having the courage to speak on the resolution moved by the hon. member for Broadview (Mr. Church), after listening earlier in the day to the remarks of the Prime Minister (Mr. Mackenzie King). If we fell in line with the suggestions of the Prime Minister it would only be necessary for us to sit down and write a letter to the government setting out our opinions with reference to these various resolutions.

Mr. DUNNING: Oh, no.

Mr. MacNICOL: I intend to speak on two or three of the items mentioned in the resolution moved by the hon. member for Broadview. The first item to which I shall refer is forestry. Last fall I made a survey of a number of forestry camps which had been opened up in the United States I wanted to find out how they were organized and the calibre and standing of the young men in the camps. I must confess that I was more than pleased with what I saw being done in the camps I visited. The young men selected for these camps are the sons of men on relief living in the respective towns and cities from which they come. Their ages run from sixteen to eighteen years. Each camp consists of 206 young men, and sixteen local men, generally men on relief, are chosen to instruct and advise the young men on the work they are to do in any particular camp. The local men are supposed to have a knowledge of whatever is to be done by that camp—ditching, road work, or forestry work. In addition to the sixteen men who might be called instructors or foremen, there are two military men, retired and on the reserve list. During the working hours of the camp all the men in it are under the control of civilians, but after hours they are under the control of the military men. In the evening they are instructed in the ways of life; they are taught how best to get along in life. I took great interest in that. In one camp I visited, a batch of young men had just arrived—perhaps about thirty-five or forty—and I was struck with the apparent lack of discipline among these young fellows. Perhaps I should not speak of incivility, but I might say that there was a lack of courtesy in their general demeanour. The gentleman who was showing me around told me that these young men had just arrived; "and now I will take you to a camp where young men have been in training for three months," he said. There was a great transformation visible in the general demeanour of these other men. I was highly pleased with this second group of young men who had been in training for three months. They were very civil, they were courteous, and they gave ample evidence of their training. The instructors told me that at night they taught these men along various lines, and in the daytime they were instructed in the work they had to do.

I found that forestry, the replanting of trees and reforestation was apparently one of the primary objectives of the government at Washington. After visiting the camps I went to Washington to interview the Interior department, where I talked with heads of the forestry branch. There I learned a good deal about the object they have in view.

The whole of the territory adjacent to the great lakes in particular has been deforested to an alarming extent since 1830. There I saw figures that indicated that in 1830 the estimate of standing timber in the state of Michigan alone was 150 billion feet, and by 1880 it had been reduced, by fire or by wanton destruction, but principally by the cutting down of timber, to approximately 35 billion feet of standing timber, board measure. In 1903 in the state of Michigan 500 million feet board measure were cut down in lumbering. The result of deforestation has had a tremendous effect on the water levels of the great lakes. In connection with the water levels of the great lakes, a subject which I shall discuss more extensively at a later date in the session, I believe that the Canadian government has a great work to perform. Anyone visiting northern Ontario, Muskoka, Parry Sound, on our own side of the line, will find just as great a deforestation as there has been in Michigan. The effect of that vast deforestation adjacent to the great lakes, in both the United States and Canada, according to a very eminent engineer who has written on the subject, Mr. R. E. Horton, has been a reduction in the rainfall on the whole St. Lawrence-Great Lakes area, of from three to eight per cent; and the concrete effect on the lowering of the water level on our great lakes, it is stated, has been a lowering of lake levels of from five to eight inches. Anyone can calculate what a tremendous volume of water that represents; we may get a proper idea of it by considering lakes Huron and Michigan, which are on the same level and are adjacent. Their combined area is 45,000 square miles.

I believe that the government has the ability to deal with the situation. I have great regard for a number of the ministers of the present government, in whose ability I have faith; and if they fully realize the menace involved in the lowering of the water levels of the great lakes, to the extent that it has been going on, one way in which they can make a great national investment in this connection is through reforestation. In the United States there are 2,427 camps, and there are already in these camps approximately 500,000 young men. These men are paid $30 a month. Thousands of them have been used in the work of reforestation. If we followed a similar scheme, thousands of the young men in this country could be put to work similarly. The salary, I grant, is small, $30 per month, but these men get their keep and clothing and a certain amount of education; and if

they were not there they would be on the street corners—and anything is better than that. When they go into the camps they agree to send to their parents on relief $22 a month out of the $30 they receive. In Washington I saw figures showing that 80 per cent of these young men sent home an average of $25 per month to their parents.

Many of the men later find positions. I learned from the chamber of commerce that there is on the part of the firms associated with that institution quite a demand for the young men trained in these camps, because people know that they will be civil and energetic and will have had the benefit of a certain amount of training. It is stated that thirty-nine per cent of the young men enrolled in these camps receive positions outside the camps. The enrolment is for a period initially of six months, and they are allowed two additional periods of six months, or a total of eighteen months in all. I was informed that the maximum of young men discharged from the camps for not behaving themselves was less than five per cent.

I am convinced that the government has a great opportunity to perform a national work and to take a step towards raising the water levels of the great lakes by means of reforestation on our side of the line; the United States, I have no doubt, would take care of its side if there were collaboration.

Other speakers have referred to the young men. I am very greatly concerned about the young men in this country, for we have as fine a young manhood in Canada as can be found anywhere in the world. When the members of this house—at any rate those past forty—were young men there were jobs of various kinds for all; I can remember that when I was a young lad there were numerous jobs open. The young men to-day are up against it; they have nothing to do; they cannot possibly get positions. But they all have in their hearts the same desire that we had when we were young men; they want to do something for their parents. They cannot get anything to do, however. I take great interest in the young men, and it has been my happy privilege to assist many. But I regret my inability to serve them in the way of obtaining positions for them as I would like to do. It is a tragedy. These young men might be far better engaged in what I believe is a great national work, the reforestation of deforested land that surrounds the great lakes watershed, than in doing nothing. For doing that they would not receive what might be called a dole; they would receive a certain amount of wages for rendering very necessary and efficient service. Something has to be done to restore these water levels. When the subject is up later I will go into it more elaborately.

The hon. member for Trinity (Mr. Plaxton) referred to Great Britain. Anybody who has been to that country within the last few years will be fairly well informed as to why Great Britain is coming back. Britain abandoned the free trade fallacy that is advocated in this country as well as in some other countries; all over England I saw, upon my visit a few years ago, factories that appeared to be the better part of a mile long, and there are hundreds going up. If one goes to Manchester and to Birmingham, particularly, they will find great areas of factories that have been erected in the last few years, factories that are now making for Great Britain what was formerly imported into that country, principally from continental Europe.

I am tremendously concerned with the trade agreement that this government has entered into with our cousins to the south. In my time I have had much to do with industry and have visited many factories. I called on some recently, and in several cases I found that quite a number of employees have been laid off. How far that process is going to continue I do not know at the moment, but I cannot for the life of me see how Canadians can be helped by importing millions of dollars' worth of manufactured articles from our cousins to the south for use in Canada and at the same time displacing Canadians in our cities and towns who could have work making these same lines of material. If, as the previous speaker said, England is coming back—and certainly it is—and we know the reason, why does our own government depart from that same line of reasoning and lower the bars to admit into this country millions of dollars' worth of manufactured products that could be made by Canadians here in Canada?

If the government goes on with a program of public works I trust that some regulation will be enacted to prevent "chiselling" in connection with construction in the cities. I cannot quote them at the moment, but a number of cases have come to my attention where men on relief were compelled to work for a few days a week at a lower rate of wages than that at which otherwise they would have worked; that is what they call chiselling. The various trades, carpenters, bricklayers and others who work on the construction of buildings, should not be up against the temptation of chiselling and should not be encouraged to do so in order to obtain a few days' work per

week. In adopting regulations along this line, I hope the government will see to it that labour receives its fair and just reward for service rendered.

There is another angle to it. I am convinced that industry never again in our time will get back to the former number of working days per week. I am convinced that before very long five days a week will be the maximum not only in this country but in other countries. In that manner more men will be given employment. It will then be the duty of the authorities to find something for them to do in their leisure hours, on Saturdays. I recently paid a visit to Rouge River, a suburb of Detroit, where the great works of the Ford Motor Company are located. I was informed the property belonging to the company occupies 11,000 acres. I was taken over a considerable acreage.—I have forgotten the size—which contained thousands of small gardens, and on asking for information I was informed that, as the company was operating on a five day week basis, it had taken steps to provide land so that every employee who desired might have land to work on on Saturdays. I cannot help but feel that something like that has to come here before very long, that owing to shorter work days, which will likely be the rule in the future, men should be provided with an opportunity to grow things. In connection with that, and having served in industry a long time, I am convinced that few men over fifty years of age will again obtain jobs unless former employers feel disposed to take them back. We have to provide for many men who are over fifty years of age, and I know of no better way, when factories do not want them, than to provide land on which they can raise what they require for themselves; and if there should be any surplus they would have the opportunity to dispose of it in the adjacent cities. I believe that the government have a great opportunity in the very kernel of the resolution moved by the hon. member for Broadview if they take it wholeheartedly into consideration.

There is one other item of the resolution about which I should like to say a word, although I do not know how it should be handled. During the last few months many of the people I represent have lost or are very near to losing their homes owing to the high rate of interest and their inability to keep up payments. I believe that it is the duty not only of the federal but of the provincial governments to make an honest effort to do something worth while in this connection. There is no use fiddling while Rome burns; we must do something worth while to stop the conflagration. Men have put their little all, saved over many years, into their homes, and have lost it. I do not know whether anything can be done to help those who have lost their homes, but surely something can be done for those who are on their way to losing them. How interest can be lowered I do not know. How arrangements can be made to save their homes I do not know. But it presents a great problem, and it is one that it is the duty of this government and the other governments to wrestle with. The homes of the common people in the cities are just as worthy of protection as are the farms in the country. We have heard in this house a lot about farming, and I for one believe in giving the farmers more than is coming to them; I would almost go so far as to say that I would compensate them for staying on their farms. But a city has its problems too and one of the greatest, perhaps, is the saving of the homes of the average workingmen. A few days ago someone spoke in this house of conditions on the farms of the west. I could tell tales from now until next Christmas, if I wished, with respect to conditions in the cities, but that would not help anyone or do any good. I know the government are seized of the importance of the matter. The Minister of Finance (Mr. Dunning) has had a good deal of experience. He has come up from the bottom; he should be qualified, and I believe he is qualified, to wrestle with problems of that kind, and I look forward to something along that line being done. Representing as I do a riding of sixty-five or seventy thousand people, many of whom are out of work and in jeopardy of losing their homes, I appeal to the Minister of Finance, who is going to be in office for four or five years—provided the government does not go to the country in the meantime—to do something in this direction. The problem is an important one. Do something for the workingmen in the cities and towns. They are just as worthy of consideration, in the saving of their homes and in the lowering of interest rates, as are the farmers. Do something to help the man in the city to save his home. If he cannot be given work, this opens up another method of helping him.

Let me conclude with what I said in opening, in reference to reforestation. There is an opportunity for the young man, if there is nothing else for him to do. He can render splendid service there. I repeat this because I believe it worthy of repetition. The young man engaged in this work will do something for Canada; he will aid in

raising the water levels of the great lakes, the principal artery of trade and commerce by water for the eastern part of the continent of North America. I concur in what has been said by the hon. member for Broadview and only wish I could support him more effectively than I have been able to do.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I desire to speak very briefly on the resolution offered by the hon. member for Broadview (Mr. Church). Before doing so, however, may I say how much I appreciate the work done by the hon. member for Broadview in this house. This is by no means the first time the hon. member has brought forward resolutions having to do with subjects that are of interest to the people of Canada.

I am interested in each part of the resolution, though I do not intend to speak to each part. I have often wondered why, when there is the need for better housing, for the renovation of existing buildings, and for reforestation, we have not done all these things before now. We have the need; we have the material; we have the skilled and unskilled workers necessary, and all that is required is to bring these together. The essentials for doing so are credit, or money, and leadership by the federal government, but I believe we are going to see more public projects in the future than we have seen in the past. There has been a beginning in housing already.

May I say, Mr. Speaker, that if we are going to have such building projects as I hope we will have we should not forget the need for agricultural construction. It is very difficult for the agricultural people to come under any of the housing schemes yet devised; in fact it is impossible. If the housing or building scheme is to serve agriculture, then it must be extended to include agriculture so that if the farmers want new buildings they can secure money for that purpose at low interest rates. That should apply also if they want to repair existing buildings, because in Ontario the problem of the farmers is not so much the construction of new buildings as it is the roofing, renovating and extension of buildings already in existence. In Canada we have something like 728,000 farm homes, of which I believe hardly one does not need something done in the way of renovation, construction or extension. It is true that many farmers need new buildings, but they also need to be able to get money at low interest rates in order to make their present buildings of greater use to them.

Since the hon. member for Broadview and the hon. member who sits before me at the moment (Mr. MacNicol) have spoken in glowing terms of projects on the other side of the line, I will venture to do the same. I should have hesitated to do so otherwise, but now I am quite sure it is all right. I was extremely interested in two projects that are being carried on in the United States, and I think it worth while taking the time of the house to describe them briefly. We are all concerned with the number of young people, not only young men—though sometimes in listening to debates in this house I wonder if the whole population is composed of men—but young men and women of Canada who go part way or all the way through high school and then, at the end of that time, want to pursue their studies further but are unable to do so. Since in most cases they are unable to get jobs it would be very much better if they could pursue their studies further if they are qualified and ambitious. I feel that if something could be done to make it possible for these young men and women—some of them only boys and girls in years—to go to school it would for a time at least lessen the strain of unemployment. It might also—and we would hope it might—enable these young men and women to evolve a philosophy by which to live.

Under what is called the national youth administration the United States has started to do some things that I think we must soon begin to do also. Starting first with the students in the high schools, eight per cent of the total attendance of the high schools of the United States may be employed by the high schools to do various tasks at wages which range from $6 to $8 a month, the object being only to provide them with sufficient money to keep them in school. The work they have to do must be such as will not interfere with those already employed, like shall we say, the janitor. These students, however, may be set to work as assistants to the janitor, as waiters in cafes or cafeterias, as teachers' assistants or as stenographers for the teachers. I saw some beautiful projects that have been carried out in connection with the beautification of school grounds, under expert supervision, by students working under this plan. They have done much to encourage and plan inter-class sports, to build tennis courts and other sports grounds for schools, to repair books in the libraries, to assist with translations, if they were senior students, and in keeping the records of the schools.

It is true, of course, that whether or not this project works out well depends very largely

upon the ingenuity and resourcefulness of the principal of the school. The principal of one college, not a high school, told me he had heard of a friend of his who had wired the president beseeching him to send ten tons of leaves, since those they had on their lawns were already worn out. I suppose it is true that some principals were unable to supply jobs which were purposeful and constructive, but on the other hand I think a great many were able to do so.

They carry that through into the universities as well. Twelve per cent of the total enrolments in universities may be students who have been recommended by high school authorities but who have not money sufficient to take them through the universities. For doing work of a higher type than that I have indicated, they are paid $15 a month, which is sufficient to enable them to stay at school. However, at least one-quarter of the twelve per cent must be students who have not been in college the year before. Students who have graduated with a bachelor of arts or some other degree, but who want to take up post graduate work, can do very valuable research work, for which they are paid $40 a month. In the different schools and colleges I visited, I asked many questions about this system and I believe it has done a great deal towards enabling ambitious students to continue their studies. Further, it has done something which I believe is necessary in Canada, and I am sure just as necessary in the United States, namely, combined the work of head and hand, and brought about a new respect for hand work. In Canada I believe we have been too prone to divide sharply the two spheres of activity. Too often there is a feeling that people who work with the hands are not capable of working with the head, and that people who work with the head are a bit too good to work with the hands. The plan I have indicated has done something towards breaking down this absurd notion.

There are other phases of national youth administration which possibly have not worked out as well or, because they require more resourcefulness, have not been tried as extensively. In some places however vocational guidance centres have been established, at which attempts are made to guide young men and women toward the studies in which they are most competent and toward work for which they will be best qualified. In order to afford them further assistance a system of apprenticeships has been set up, giving high school and university students an opportunity to get into the work they would like to do, and for which experts have decided they are qualified. Going into apprenticeship they gain practical experience of the work of their choice. I do not know very much about how the system has worked out, having heard only general statements made by people who were not very closely connected with it.

I have thought for some time that something definite concerning scholarships should be done in Canada. Only lately a pamphlet was issued discussing the subject at length. I shall not cover again the ground indicated in the pamphlet, but it serves to illustrate the point that many countries have encouraged young people desiring to acquire higher education, and have provided them with the means of doing so. Unless Canada follows the procedure adopted by Great Britain, Japan, the United States, Australia, New Zealand and in another way Denmark, we are going to be placed in a very unfavourable light and naturally hinder our development.

One other point, although possibly not strictly proper at this time, might be mentioned. Three times in the last two years I visited the Louisiana state university and on each of my visits I heard professors talking about the possibility of having scholarships on much more extensive scale. This year they are launching what would seem to be a tremendous scheme. They are increasing their farm, which is already very large, to an area of 4,750 acres, and they are taking 1,000 students on it. A complicated plan, which at the moment I shall not describe, is involved, but briefly they work on the farm for one semester, taking two subjects in the evening classes at which the teaching is done by university professors, and the following semester they go to the camps and take the full course. These alternate between different camps. It seemed to me that it was a common sense arrangement. It may be too extensive, but it is a common sense plan.

I believe the resolution offered by the hon. member for Broadview (Mr. Church) has similar merit. In my view it is extremely important that we undertake projects like this. I think all hon. members realize that the relief camps now existing cannot long continue. The work given the men in the camps is not varied; some of it may be very useful, but the variety is limited and it is not very interesting. Almost no hope is held out to them. I think it would have been much better if from the beginning we had paid the men a living wage and to a greater extent put them on their own resources. The conditions under which they are living is in my opinion very bad for their morale. I believe a change will have to be made, and the resolution

offered by the hon. member for Broadview offers a good basis for an ambitious and extensive program of public works. While we may not now undertake it I believe that before very long we will do so. Unemployment is not to be cured, even if purchasing power were to come back to the 1929 level or beyond that point. Displacement of labour by machinery will make it impossible for us to absorb our unemployed in ordinary industry, and some great projects of a national character are bound to come.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, first of all I should like to express my appreciation for the opportunity that has been afforded us by the hon. member for Broadview (Mr. Church) to discuss this problem. I listened with a great deal of interest to the statement of the Prime Minister (Mr. Mackenzie King) which followed, and while this motion may not be pressed to a division, nevertheless I think it is well that we should have an opportunity of placing before the government our views on the matter. It is, of course, not a new problem. I recollect that one of the first things I ever heard about the present leader of this group, the hon. member for Winnipeg North Centre (Mr. Woodsworth), was in connection with a survey of housing and living conditions in western Canada. That was many years ago. Since then at various intervals we have had commissions sitting and placing before the people of Canada their conclusions regarding the housing situation.

May I point out that it is not merely a problem of housing; it is a problem of health. Overcrowded living conditions both in the country and in the urban communities mean ill health and large expenditures in sanitaria of various types throughout the dominion. I was looking up some records a few days ago and I found that as early as 1911 a report was submitted to the health department of the city of Toronto stating in part:

> There are few conditions found in the slums of Europe or in the greater American cities that have not been revealed in the city of Toronto, the difference being only of degree, and the conditions of lesser degree to-day will, if not corrected, become those of greater degree to-morrow.

Then we have Sir Clifford Sifton saying this at Ottawa in 1916:

> We are to-day reproducing some of the worst things that have characterized the old lands. We are getting slums in our cities. But we are doing worse than that. Apparently we are failing utterly to get to the root of the problem which makes slums.

And, Mr. Speaker, we have to get at the root of this problem, and, as I said the other afternoon, the root of it is not something of recent planting or recent growth, but something that has been growing and developing during the years that have gone by. I might quote further from the records but I shall content myself with one more statement that was made in the 1935 report on housing and slum clearance for Montreal:

> The elements of the population of Montreal which are now compelled to find their abode in the slums or near-slum areas are not large in proportion to the whole population of Montreal, nor are the slums of Montreal as bad as those of many north American cities. However, they constitute a heavy burden, and the fact that they are widely spread to-day and rapidly extending calls for serious effort towards what has been called 'the new day of housing.' The depression has brought the Montreal housing problem to an acute stage and has emphasized the unsoundness of our existing working class housing schemes.

May I add that I found myself in sympathy with the hon. member for Davenport (Mr. MacNicol) when he suggested that something had to be done for those who are to-day losing the homes which they occupy and which they have built. That problem is an exceptionally serious one throughout the length and breadth of Canada; seldom a day passes but I receive a letter from one of the many people whom I have met in the past few years asking me to advise them what they may or may not do in relation to the pressure that is being placed upon them, and I believe my experience is probably the same as that of many other hon. members.

A few moments ago I was quoting from old reports, but I have before me now one which is very recent, issued so recently that it bears upon it the name of the present Minister of Trade and Commerce (Mr. Euler). It is a report issued by the bureau of statistics and deals with the seventh census of Canada, 1931, and the housing accommodation of the Canadian people. I would recommend to every member of the house a perusal of a copy of this analysis of the census returns on housing in Canada. I find on page 3 of the report this statement:

> Nearly sixty per cent of Canadian households occupy from four to seven rooms, and almost twenty per cent live in three rooms or less. Only 3·5 per cent of households occupy more than ten rooms.

We have heard a great deal about the cities; what of the rural areas? This report is exceedingly interesting to me because it confirms some of the statements I made in the course of the discussion on the address in reply to the speech from the throne last week. It says:

> Distribution of the number of rooms in homes throughout the prairie provinces is quite different from that in other parts of

Canada, particularly in rural areas. Over sixty per cent of prairie rural homes contain four rooms or less, while the number of such homes in Ontario is less than 23 per cent. In Alberta and Saskatchewan there are more rural households occupying two rooms than in any other room group. Prairie urban areas also contain proportionately more small homes and a lower percentage of large homes than is found in eastern Canada, although the typical size is five rooms.

That gives some idea of housing conditions in the prairie provinces. It may be due in part, as the report says, to the fact that the prairie provinces have been more recently settled, but, Mr. Speaker, I would say that it is not only because of recent settlement but because of the wide areas that are more or less subjected to frost, crop failure and drought, and the large number of farms that have been established on submarginal land in areas that never should have been opened for settlement. I have seen conditions in the northern part of Saskatchewan that made one's heart bleed, people inhabiting homes, tiny log buildings, where there were no conveniences of any description. I remember just about a year ago I was speaking in the town of Spiritwood in northern Saskatchewan, and an English lady there came up to me and said, "Can't you do something to bring to the attention of the authorities the condition of the people in this area? I have just come from attending at the birth of a new baby, and in that home there was nothing but a mattress made of gunny sacking stuffed with straw, and the only cover the mother had was the heavy coat her husband wore around the barn." Those are conditions of real poverty. It may be said that that is an exceptional case. That may be so, but I have seen and heard of a number of such exceptional cases.

I quote further from the census report. It goes on to say of prairie dwellings:

The smaller prairie dwellings doubtless are associated with the relatively short time the western provinces have been settled. The accessibility and cost of building materials is another factor which appears to have exerted a considerable influence.

And yet the condition which I have just been describing is one which existed, not in the southern part, but in the northern part of Saskatchewan where there were mills and where lumber was comparatively cheap.

I find this, too, from the census report, that the large six-room dwelling is predominant in the maritime provinces and Ontario, where there is the least evidence of crowding, and, conversely, that in the prairie provinces, where three-room and four-room dwellings predominate, there is definite evidence of inadequate living space, particularly in the rural areas. The report continues, referring to certain figures quoted:

From these figures it appears that the great majority of households of more than six persons was inadequately housed. The fact that this was true of Toronto is particularly significant, for space available per person in that city compared favourably with most other Canadian cities of over 30,000 population.

The report contained one statement that was particularly interesting to me as a former member of the municipal administration of the city of Regina. It says:

The amount of space per person in 1931 was characteristically less than one room in households paying $15 rent or less per month. In this rental group, the average number of rooms per person centred around 0·7 and 0·8 in the twenty largest Canadian cities, varying from the lowest average of 0·5 for Regina to as high as 1·2 for Victoria.

Conditions of overcrowding, therefore, are not confined wholly to the older communities like Montreal and Toronto, but are also particularly acute in newer western cities like Regina. Under conditions of relief and poverty which now exist, suffering is becoming aggravated. In the years to come we shall suffer as a people from the ill health and poor physique of the rising generation which consequences such conditions are bound to bring about. The report ends with these words:

These facts do not furnish conclusive proof of crowded conditions where the number of rooms per person is less than one. There is good reason to believe, however, that families in which earnings average $14 per person, paying less than $15 per month rent, and living in less than one room per person, are inadequately housed. In 1931, there were 51,778 or 15·7 per cent of all tenant households in Canadian cities over 30,000, who were paying less than $15 per month rent, the majority of them averaging less than one room per person.

That is an independent analysis of the census returns made by our own bureau of statistics. This should place the problem squarely before the government at this particular time. I know the government has many difficulties, but we must make progress. I look around and I see raw materials such as clay, with brick works nearby lying unused and idle. I go into the forest areas and I see the noble spruce trees standing there while mills within easy reach are lying idle. I am reminded that the members of building trades are out of work, that skilled workmen are walking the streets seeking relief. We have the labour; we have the materials; we have the need; it seems to me that all we require is the initiative and the intelligence to work out a plan that will meet these con-

ditions. I am not so much interested in balanced budgets as in a balanced human welfare.

Mr. McLEAN (Melfort): What explanation can the hon. member give of the fact that people who have materials such as cheap lumber and other commodities do not build larger homes for themselves?

Mr. COLDWELL: To begin with, the people who need the homes do not control the mills nor have they access to the hardware which is necessary. If they are going to build a log home, they endeavour to build it on a small scale because of their inability to purchase sufficient stoves to heat a larger building. The whole matter comes back to the basic defect in our economic system.

Mr. McLEAN (Melfort): It is not for lack of material for building?

Mr. COLDWELL: No, it is not lack of material; it is not lack of ability to build and it is not lack of intelligence to turn our raw materials into buildings. The whole matter is an inherent defect in our present economic set-up which makes it impossible for them to do the things that they otherwise would do.

The resolution contains one or two other suggestions which I should like to discuss briefly. One is in connection with land settlement. It all depends upon how such land settlement is to be undertaken and for what purpose. I have before me a statement showing the condition of certain settlers who have been settled for a long time upon the land in the province from which I come. I should like to quote from a bulletin issued by the farm management department of the university of Saskatchewan in 1934. It reads:

> Indebtedness continues to be a problem of great concern. To pay interest on the present farm debt of Saskatchewan would have required about four-fifths of all wheat available for sale from the 1933 crop; and for the payment of farm taxes two-fifths of this wheat.

In other words, for those two items alone, in 1933 it would have required six-fifths of all the wheat produced, twenty per cent more than was actually produced in Saskatchewan. Professors Allen and Hope go on to say:

> From our survey of last summer information is now available concerning the debt of 238 farm owners located in some of the oldest farming districts of Saskatchewan, operating about 44,000 acres of land, of which 37,000 acres were used for crops and summer fallow. Twelve of these farmers were free from debt, the remaining 226 having obligations amounting to one and three-quarter millions of dollars, and averaging $7,686 per farm, or $7,298 for the 238 farms. For the 238 farmers this debt averaged $18.64 per acre of cropland. Since the summer of 1931, because of crop failures, the debt per farm had increased by $1,414, or $707 per farm per year. Most of this debt (77·3 per cent) was associated with farm real estate, 39·3 per cent being in agreements of sale, and 38 per cent in farm mortgages. Chattel mortgages amounted to 2·7 per cent of the total; implement debts, 3·1 per cent; taxes unpaid, 3·3 per cent; bank obligations, 3 per cent; and miscellaneous debts, 10·6 per cent.

If we are going to embark upon a land settlement scheme, how can we expect that people taken from our cities, people who are not familiar with conditions as they exist, will be able to make a success when men of long experience, such as these, cannot? This report covers a number of municipalities, including, I believe, that of Scott, in which are located Yellow Grass, Milestone and Lang. This is one of the finest areas in southern Saskatchewan and yet those people have been unable to make a success of their agricultural activities. How can people without capital and without experience be expected to succeed?

I view with a good deal of misgiving the propaganda now appearing in the press in various parts of Canada in connection with a land settlement scheme and a new immigration policy. I see that the quota from central Europe has been doubled since the new government came into office and I deplore this action. A short time ago I noticed that General Hornby was endeavouring to persuade various counties in England, such as Derbyshire, to embark upon a migration policy under which British workers would take up land in various parts of Saskatchewan. I felt that the government of Canada should not only not lend any encouragement to such a scheme but should prevent the putting of it into effect, because our problems can only be greatly aggravated by it.

I know it is sometimes said that our western farmers have been extravagant; but if you travel over the prairies you will find the condition outlined in this census, showing what actually exists in the form of a home—often nothing but a thin board shack, tar papered, standing on the windswept prairie. And if you will go into that shack you will find few of the amenities of life, few comfortable chairs; it is heated by a primitive stove. Extravagance! Why, not even ordinary comfort.

People sometimes say that the prairie farmers bought automobiles. Well, in western Canada, with the long distances between town and town, between the village and the farm, the automobile is not a luxury but a necessity, and moreover it is a labour-saving device, because it enables the farmer to get from his farm quickly to town to secure whatever is

needed. If you go into one of the villages or towns on Saturday night and see the cars lined up along the sidewalk, you will find that many of them are rather ancient models, and most of them are of the cheapest make. Fords, Chevrolets and Plymouths are the cars you will find the farmers using mostly on our western plains.

We have been told too that they have spent their money taking trips to California. I am fairly familiar with many farmers in some of our best areas, and I know that very few of them took such trips. But on that score, I may say in passing, that after a man and woman have lived on the wind-swept prairies for fifteen or twenty years they are entitled not only to a trip to California but to a tour round the world and back again, if they feel inclined to take it.

In the resolution there is mention of the problem of youth. I have been particularly interested in that problem because of my life work and my long association with young people. I have watched with a great deal of alarm and sorrow young people whom I have known, who have passed through my hands, who have graduated from high school, who have gone to university and returned. They are on the street corners to-day or they are in relief camps. We are utterly destroying the young people who are growing up. Last summer I had the privilege—I regard it as such—of meeting some of those young men, the relief camp trekkers, who came to Regina. I had been told before they arrived that they were rather a tough lot. I met many of them and found among them some young men of high school education, other young men of university education, even young men very much like my own boy, who is about twenty. True, there were a few of a different sort; but on the whole they were a very decent bunch of young men, youths who desired to place their problems squarely before the people of this dominion and its government in the only way available to them.

Many of these young men feel that they are unwanted and forgotten, and if the government of Canada to-day can do something to institute a widespread public works program of housing, reforestation, building of roads and bridges, elimination of level crossings, and so on, then such young men may have an opportunity of at least feeling that they are of some use in the society in which they live. I remember speaking with some of the trekkers, a week or so before the regrettable riot; they were assuring me that there would be no trouble, but one young fellow said, "No; I would not start any trouble at all, but if trouble started I would be there; for after all, Mr. Coldwell, what is the use of living if there is nothing for you to do?" And then another added, "I am twenty-four; I should like to be able to get a home and to choose the girl I should like to marry." That was a very natural and human desire, and throughout the length and breadth of Canada to-day there are thousands of young men in exactly that position.

As I said at the beginning of my remarks, we have a problem of housing; there are thousands of people living in one roomed shacks. Now we have the material; we have the skilled men; we have the sawmills and the brickyards and everything we require. All we need to do is to use the intelligence we have and we shall find ways of bringing all these things together so that we may improve the conditions under which our people live.

Briefly, I wanted to contribute something to the discussion, and I feel grateful to the hon. member who introduced this resolution, because it has given me that opportunity. I hope that the ministers of the crown will carefully consider the suggestions that have been made by various speakers this afternoon and will give effect to at least some of them in the present year.

Hon. NORMAN McL. ROGERS (Minister of Labour): I wish to express my own sense of obligation to the hon. member for Broadview (Mr. Church) and to others who have taken part in the discussion of this resolution this afternoon. It was the purpose of the resolution, I take it, to direct the attention of the house to the problem of unemployment and to advance certain proposals for dealing with the problem.

During the past week we have listened to many references to unemployment, and that was to be expected; the seriousness of the problem is self-evident. We should be forgetful of our duty as members if we sought in any way to minimize its importance. In much of our discussion of the question of unemployment, however, there has been a lack of any definite proposals for providing new employment, and I think the hon. member for Broadview is deserving of congratulations upon making certain suggestions having in view the creation of work for those who are now unemployed.

Before discussing the terms of the resolution, perhaps I may be permitted to say a word about our approach and attitude to this problem of unemployment during the present

session. Behind some of the references to this question in recent days there has been a veiled imputation that the present administration has not been sufficiently impressed with the gravity and urgency of the problem. In every case however the only apparent ground for such a suggestion has been the failure of the government to adopt outright some sovereign remedy advanced by some particular group or individual as the one and only path to economic recovery. Let me say, as one who has a special responsibility in relation to unemployment and relief, that members of the present administration are fully seized of the gravity of the problem, and are prepared to study carefully any and all proposals which have as their object the amelioration of the hardship and distress which have been the lot of so many of our people during the past five years. If we appear to be indifferent to these special panaceas which are advocated by certain groups in the house, it is not through any suspicion of the motives behind them, nor through any lack of appreciation of the sincerity of those who propound them. In dealing with this whole question of unemployment it is well, I think, that we should begin this opening session of a new parliament with the recognition that all of us, regardless of our political affiliations, have as a common duty and a common objective the progressive reduction of unemployment and of its serious effects upon the fabric of our social and economic institutions. Our differences are not those of human sympathy, of compassion, or of social responsibility; they relate rather to the methods by which we hope to achieve the object which we all have in common.

For more than five years we have been dealing with unemployment as an emergency situation. It came upon us almost unawares. Naturally the task of dealing with it became a very difficult and disagreeable duty. Our policies have been improvised quickly in response to immediate pressures, and there has been on the whole a conspicuous lack, I think, of objective study and adherence to fixed principles in the various measures we have adopted for the liquidation of unemployment and relief. In the case of the late administration I believe certain things were done which ought not to have been done, and certain things were left undone which ought to have been done. But no doubt that might have been said of any administration in power at that time. While recognizing fully the difficulties confronting the late administration, I think the course followed by the right hon. leader of the opposition (Mr. Bennett) was more erratic than it need have been. That, however, is a question that can be discussed more properly at another time. I suggest now that we have reached a stage where it is possible and certainly desirable to take a careful inventory of our present situation, and either return to old principles or adopt new ones which are recommended by reason and confirmed by recent experiences of our own and other countries.

This is a very comprehensive resolution; it is framed in generous terms. For that I am grateful to the hon. member for Broadview. He could scarcely be brought to order for wandering from his subject, nor, I hope, shall I be brought to order for a similar reason. Much of the discussion hitherto has been concentrated upon one of his proposals, namely, that of housing. I propose simply to address myself to the first paragraph of his resolution, and instead of taking particular suggestions contained therein, to deal rather with some of the broad questions of policy which I believe are implied in his resolution.

The first question raised by the resolution is the utility of governmental expenditures as an aid to unemployment and a stimulus to economic recovery. Although the resolution does not state this in so many words, the phrase "national housing, building, reconstruction, renovation, slum clearance, land settlement and reforestation policy" suggests that what the hon. member has in mind is the provision of funds for this purpose out of the dominion treasury. Whenever in recent years a national scheme has been proposed, there has usually been behind it the thought that the dominion government should assume either a larger share of financial responsibility or full financial responsibility in carrying out such a scheme. Certain of these proposals will be within the memories of members present in the house. Associated with all such proposals, moreover, is the assumption that the dominion parliament, unlike other governmental agencies under the federal system, is possessed of unlimited resources to meet the costs of additional works projects. Undoubtedly there is some excuse for the prevalence of this view, and for the consequent pressure upon the dominion government to assume a steadily increasing share of financial responsibility for relief works of one description or another. The provinces and municipalities have restricted powers of taxation. The municipalities have restricted borrowing powers. There is no such legal restriction upon the taxing powers of the dominion, and none with respect to its borrowing powers. It is well to remember,

however, that while the dominion is not subject to any legal restriction upon its taxing and borrowing powers, it is subject at all times to what I might describe as a prudential limit in the exercise of both these powers. Moreover this prudential limit is not confined to the dominion parliament. It applies as well to provincial legislatures and to municipal councils. The hon. member for Broadview does not need to be reminded of this fact. He has served for several terms as chief magistrate of a great Canadian city, and he well knows that extravagance or misdirected expenditures may so increase the debt and tax rate of a municipality as to discourage commercial and industrial expansion through the natural channels of private and corporate investment. That consideration is one which we must at least have in mind in dealing with this problem which has been brought before us this afternoon.

If the mover of the resolution has in view the encouragement by governments of private investment in housing and building construction, I would support him wholeheartedly in his advocacy of such a policy. If he has in mind the close cooperation of dominion, provincial and municipal governments in slum clearance projects, I would agree with him that such a policy should receive the sympathetic examination of the various governments concerned. If, however, he proposes a scheme under which the dominion government should at this particular time assume an immediate or contingent liability in relation to any large scheme of this character, I would suggest that we should see our way very clearly before entering into any such commitment. I do not yield place to any hon. member in my desire to see slum clearance projects undertaken. I realize fully the social evils that follow in the train of slum and bad housing conditions. I feel, certainly, that we must do what lies within our power to remedy these conditions as soon as possible. I simply put it to the house at this time that in any long view of the problem we are compelled also to consider how far it is desirable to commit ourselves to large public expenditures if—and I shall deal with that point later—by so doing we discourage or deter the natural flow of savings into housing through private and corporate investment.

I submit this view, as I have said, not with any lack of sympathy for the object which the hon. member for Broadview has in mind, but solely because it seems to me that we have reached a point in the state of our public finances when we are compelled to consider the deterrent effect of large governmental expenditures and increasing deficits upon the flow of savings into productive investments. Savings for investment are notoriously sensitive to conditions of public finance. The even flow of savings into private and corporate investments depends in very large measure upon confidence in the national credit. I do not believe in giving national credit precedence over human need. To do that would be a gross perversion of the objects of government. We must all agree, I think, with Edmund Burke that the true purpose of government is the provision of human wants. Without exaggerating the importance of the national credit, however, this like every other government, is compelled to recognize the relationship between public finance and private investment if it is to discharge faithfully its duty to reduce unemployment by the encouragement of private enterprise and the steady promotion of production and exchange. We must go as far as we prudently can with public expenditure, but at all times we must keep in view the effect of mounting debts and unbalanced budgets upon the normal expansion of private employment.

A moment ago the hon. member for Rosetown-Biggar (Mr. Coldwell) suggested that he was not particularly impressed with the importance of balanced budgets. I have already said that at all times human need must be the first end and purpose of government, but I do suggest that, circumstances being as they are, it is taking a short view of the duty of the government to the people of Canada to assume that we can continue with unbalanced budgets and at the same time expect the cooperation of private and corporate enterprise in supplying more employment in this country. I do not think it is possible for any government to spend its way out of unemployment by vast expenditures on public works. I am sure, however, that it is possible for a government to spend its way into chaos by a policy of this character, continued over a long period of time.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ROGERS: Mr. Speaker, when the house rose at six o'clock I was dealing with the relation of public spending to private investment, and had suggested that with a housing or any public works program it was necessary to keep in view the necessity of maintaining that degree of confidence and financial stability essential to the flow of

savings into private investment and productive enterprise. It is legally possible; the power is here, to adopt a program of relief works which would employ every able-bodied person now on relief, and to pension the remainder at sixty years of age. I wish I could honestly advocate such a policy. I wish this government could put every able-bodied man to work to-morrow, and I am quite sure that desire is shared by every member of the government. However I cannot advocate such a policy because I do not believe public employment through a vast scheme of public works is anything more than a palliative for our present economic ills. I believe that ultimately it would create far greater economic distress than that which now exists.

Upon this point I should like to offer in evidence statements from two very reputable sources. The first is the statement by the British government in its reply to the League of Nations inquiry of October 31, 1934. The statement is in these words:

> His Majesty's government have on a number of occasions stated their view that the expansion of normal activity will most surely and rapidly be brought about by the creation of confidence by steady policy—in particular, financial confidence by a balanced budget, the lowering of rates of interest with resultant cheap and plentiful capital and, in so far as government action is possible by the creation of facilities for and the removal of hindrances to trade. Public works—

And I wish particularly to bring this to the attention of hon. members:

> —are a part of the normal activities of the state and of local and public authorities and they are continuing and will continue in this country subject to the test of their value to the community; but the experiment of large scale public works as a method of dealing with unemployment has been tried and has failed, and it is not intended to repeat it.

These are faithful words and worthy of our acceptation. I shall follow that statement by the testimony of General Hugh S. Johnson, former administrator of the NRA of the United States and one who, I believe, might aptly be described as a friend of the people. These are the words of General Johnson:

> There is no sound solution of unemployment, except restored business activity. The elements of a solution of unemployment become clearer every day. Real public works are shown not to be a device for employment. "Invented" WPA works are proved to be a disguised dole costing three times what straight relief should cost.

These statements are deserving of respectful consideration and they support the view I have indicated.

Let me direct the attention of the house to another fact. Heads of financial institutions and industrial corporations in Canada have expressed grave misgivings regarding public expenditures and mounting public debt. Let me make this point perfectly clear: If these men feel that they have ground for apprehension it is reasonable for this government to expect of them that they will do their full duty in providing the maximum of employment possible, and cooperating with the government in meeting the challenge of the present situation. If they do not do so, then in all fairness they must recognize that governments may have to go much further than they have gone before in the provision of public employment for those who are now without work.

This government does not believe that it can end unemployment by its own unaided efforts. It is not composed of supermen. Hon. members in this chamber know that as well as we do. It is neither all-wise nor all-powerful. In a time of crisis a government may be likened to the general staff of an army. Its first duty is to give coherence and direction to the scattered forces of economic recovery. This government is ready to meet its responsibilities and in due course to accept the judgment of the country on its record of leadership in meeting the present crisis. At the same time it is determined to enlist the active service and support of organized industry and private citizens in dealing with the crucial problem of unemployment. When an appeal is made for the effective cooperation of industry and commerce I have faith that the response will give us new ground for courage and confidence.

The second broad question raised by the resolution is the necessity for close and continuing cooperation between dominion and provincial governments, municipalities and private industry in the formulation and execution of any far-reaching scheme for re-employment. I would suggest that the hon. member for Broadview (Mr. Church) might have served the purpose he has in mind had he suggested what has been suggested during the past five years by hon. members now sitting on this side of the house, namely, that there should be set up in Canada a national employment commission which would provide the coordination and correlation of all activities in relation to unemployment which have been needed so much during the past five years.

At this time I do not wish to anticipate the precise terms of legislation which will be intro-

duced at this session to establish such a national employment commission. I desire however to point out that the subjects which would properly receive study and close examination by this commission are those which have been included in the resolution of the hon. member. At various times it has been stated clearly that it is the intention that a national employment commission should deal with housing, slum clearance, reforestation and land settlement. In the very terms of his resolution the hon. member recognizes the fact that if we are to carry into effect a policy of this kind it can be done only upon a basis of cooperation between provincial and federal governments. For example he has suggested that Canada should immediately adopt a comprehensive scheme of public works. He has recognized that it is not the duty of the dominion government alone to deal with this matter. He realizes, as indeed he must, that under our federal constitution there is a division of responsibility in relation to all these matters, and it is quite clear that if we are to have a comprehensive and successful scheme it can be only upon the basis of prior investigation by some body representing not only governments but private industry, labour organizations and welfare organizations. After being made the subject of this investigation such a policy should receive the continued direction and supervision of such a coordinated agency.

Another proposal in the resolution refers to the necessity for a national policy for youth in relation to education, industry and employment. In the course of the debate several references have been made to the relief camps which have been under the administration of the Department of National Defence. I have no doubt that hon. members will be anxious to learn the attitude of the government toward these relief camps. In the debate on the address the leader of the opposition (Mr. Bennett) made a reference to relief camps which, I believe, stands in need of correction. Referring to the camps he is reported as follows:

> Why did they (the relief camps) come into being? For some permanent purpose? No. Did they come into being to provide homes? No. They came into being for the purpose of providing places where men might find food, clothing and shelter until they could obtain employment; and, what is more, up to the time we left office the average period of time during which men stayed in these camps was ninety-five days.

The leader of the opposition then went on to suggest that the report to the Labour department of the committee which was appointed to investigate conditions in the relief camps had on the whole approved the policy of the late administration in relation to these camps. I wish to take direct issue with any such inference. Condemnation of these relief camps lies not in the domain of administration, but in the realm of policy.

My right hon. friend said that these camps were not designed to provide work. Let me quote his words as follows:

> The very purpose is that which these gentlemen explain in their report as being, in their opinion, desirable; the only difference being, apparently, that they propose to make some payment to the men for the work they did, which it is true was not obligatory; in the sense in which that term can properly be used it was merely for the purpose of furnishing them with some exercise to enable them to live healthy and decent lives.

I wish my right hon. friend were in his place this evening because I am sure he would wish me to correct that impression. If, as he states, it was the purpose of these relief camps to provide exercise for those who were in them, I would suggest that the provision of that exercise has been very expensive for this country. Under the 1933 act there was expended on these relief camps $6,204,980.98; under the 1934 act, $7,856,174.40; under the 1935 act the total net estimated expenditure at the end of the present fiscal year is $8,784,000. Let us remember that the average number of men in these relief camps for an entire year would not be in excess of 15,000.

I would like to put this problem in other terms. The same amounts would have kept a large number of men on farms, if placed there under a scheme whereby the federal government would pay $10 per month per man, which is $5 per month per man more than is now being paid under the farm placement scheme. Roughly, the numbers would have been as follows, and I am quite sure they will be astonishing to members of this house: On the basis of the 1933 expenditure which I have given it would have been possible to maintain upon the farms of this country, 51,000 men at $10 a month during that entire year; in 1934 it would have been possible to maintain 65,000, and in 1935 it would have been possible to maintain 73,000.

Mr. BAKER: How does the minister know that the farmers were prepared to take these men or wanted them?

Mr. ROGERS: I cannot answer as to that, of course, but I do know that under the farm placement scheme some thousands of men have been placed on the farms of western Canada. Up to this time there has not been a very large placement in other provinces. It must however be borne in mind that under

the existing scheme only $5 per month per man is paid, but according to the figures I have just given $10 per month per man might have been paid to secure employment for that number of men.

Mr. WOODSWORTH: Has the minister made any inquiry how many farmers are in a position to board these men even with the $10 per month?

Mr. ROGERS: We are making continuous inquiries along that line, working in cooperation with the provincial governments, and we have made it clear to them that sufficient sums are available to provide for large numbers of these men being absorbed in the western provinces. I do not suggest, and I do not think it is necessary for my argument to suggest, that these total numbers could have been absorbed at any one time. What I do say is that the condemnation of the relief camps is that they have not actually provided the maximum of relief, if you will, or of work, if you will, for these single homeless men.

Mr. HEAPS: What alternative has the government for the relief camps?

Mr. ROGERS: In answer to that question I may say that I have given very serious thought to the whole problem of relief camps. I am not always sure of my judgment, but the more I have looked into the situation which now exists in the relief camps the more firmly have I been convinced that it is a wise policy to close them as quickly as may be possible, and I may say that when these camps are closed, as I believe they can be within the present year, it will be upon the basis of measures which I am certain will carry the confidence and support of the country and I hope, as well, of the vast majority of men who are in these camps.

Mr. HEAPS: I do not want to interrupt, but would the minister be good enough to state to the house any precise ideas he may have as to what is going to be done with the young men when they come out of the camps?

Mr. ROGERS: I can assure my hon. friend that the measures by which we propose to achieve that objective will be announced to the house in due course. I have no illusions myself as to the difficulty of the problem, but as I have stated before the only conclusion that can be drawn from any impartial study of the relief camp situation is that, whatever we may do in the future, this chapter ought to be brought to an end, and I have sufficient faith to believe that if a thing ought to be done a way can be found to bring this about.

I have suggested that the true condemnation of the relief camps is that the government, so far as relief is concerned, has not obtained fair value for its money, and that the criticism of these camps lies essentially in the realm of policy, and not in the domain of administration. One great difficulty is that the men who went into the relief camps brought nothing in with them and took nothing out with them. At the same time they were expected to work, because it is clear that one of the intentions behind this relief camp policy was to obtain public works through the instrumentality of the blank cheque legislation. I have not at this time a full statement of the public works that have been carried out under this policy, but I shall be pleased to bring it before the house at a later date. There can be no doubt whatsoever that one of the objects behind the relief camp policy was the provision of public works, and I am not at all convinced that these public works were in every case justified. I am inclined to think that in some cases they were somewhat in advance of the requirements of this country for the needs of national defence.

Possibly the house will be interested in a statement that I received some time ago regarding the age distribution of the men in these camps. The hon. member for Broadview spoke of the necessity of a policy for youth in relation to industry, education and employment. When I first became responsible in relation to these camps I was very much impressed by the ages of the men who were there. Upon the basis of a return made for this purpose I give to the house the following information:

Ages 18-21	2,416
Ages 22-30	4,698
Ages 31-40	4,556
Ages 41-60	6,425
Ages 61 and over	804
	18,899

I may say that these figures are for December 5, 1935. The present strength of the camps is in excess of 20,000, but there would not, I think, be any great variation in the age distribution. There can be no doubt that the relief camps were designed originally to take care of one aspect of the problem facing the youth of this country. I am satisfied that they did not serve that purpose.

I see that my time has almost expired, but in conclusion, I should like to say a word or two on the general question of unemployment. As I said a while ago, we have reached

the stage where it is possible and desirable to take an inventory of the existing situation. The taking of that inventory has not been simplified by what has happened during the past five years. I believe what is required above all else is visibility, a clear national focus on the entire problem. The Department of Labour is now taking a census of the unemployed on relief with a view to determining not only the age distribution but the occupational character of the unemployed at this time. I think that will at least put us in a position to establish our policies upon a much sounder basis than has been the case in recent years. What is also required in relation to this whole problem of unemployment relief is a new sense of direction which in the last resort is dependent upon better visibility.

The national employment commission will not be a body behind which this government will seek to hide from its responsibilities in regard to unemployment relief. Rather, it will be a body representative of the interest of the entire country in this vast problem. I believe firmly that this commission will be able to give us the direction which hitherto we have lacked. The house may rest assured that this government will not seek to conceal from hon. members or from the country at large the truth of the situation however unpalatable the facts may be. For my own part I think it is far better to summon courage to meet a task which we know to be difficult than to generate false optimism by underestimating the difficulty of the task that lies ahead.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, I have listened with more than ordinary interest to the speech just delivered by the Minister of Labour (Mr. Rogers). This is the first time he has spoken in the house and as he occupies a very responsible position, I must say that I listened to his remarks with a great deal of disappointment. Although his speech was well put together and contained many fine phrases, when it is stripped of all that, I wonder what hope it contains for the unemployed of the Dominion of Canada. I do not think all the hope he held out to-night will provide work for one man. Apparently his main idea is to allow private enterprise to have full sway, not to interfere with what private enterprise is doing, and to balance the budget. He believes that balancing the budget, at the behest of the heads of large companies and large corporations will partly solve some of the problems from which we are suffering at the present time. If the budget were balanced to-morrow I believe conditions would be worse than they are at the present time. Decreased expenditures on the part of the government is likely to put more men and women out of work.

Mr. POULIOT: Explain.

Mr. HEAPS: When you spend less money there is bound to be less employment.

Mr. McLEAN (Melfort): But incomes might be higher.

Mr. HEAPS: Even though the government may be quite sincere in their efforts to balance the budget, I do not think they can do it. It cannot be done. To put the situation more precisely: If they intend paying out of current revenue all expenditures that should be charged against current expenditures, they cannot have a balanced budget. I do not think I am wrong when I say that during the past five years most of the expenditure for unemployment relief has been made from borrowings.

Mr. ROGERS: I did not say that balancing the budget must be placed above all other considerations, and I am in the judgment of the house when I make that correction. What I did say was that we should not ignore the ultimate consequences of continued unbalanced budgets. I repeat now that we have a clear recognition of our obligations with regard to this whole matter of unemployment.

Mr. HEAPS: There was difficulty in knowing precisely what the minister said because his speech was so full of high-sounding phrases and what might be called self-contradictions. At the beginning of his speech he said—I stand to be corrected if I am wrong—that if the old methods would not suffice, then we ought to look around for something new. Words to that effect were used by the minister. The only new thing he suggested was a balanced budget, which is to be balanced at the instigation of the heads of the large financial institutions. The government have faith in the heads of these large corporations that they will ultimately find some way of providing employment for people out of work at the present time.

An hon. MEMBER: He did not say that.

Mr. HEAPS: I think Hansard will show that he made a statement to that effect. I have jotted down some of the words he used. If a balanced budget would solve our problem, I would be in favour of a balanced budget. However, it will not do anything of the kind. Before the government speak of balancing their budget, they should remember that there are hundreds of thousands of heads of families who

would like to see their budgets balanced. In fact, there are hundreds of thousands of heads of families who have no budget at all to balance, but who are to-day recipients of the dole in probably its worst form.

There is nothing in what the minister said that affords a ray of hope to these people. He said that we should put our faith in a commission, but I have no faith at all in commissions. If the government cannot find a solution for this problem, then no commission under the control of the government can find a remedy. Have not the government enough statistics? Have not the government enough facts before them with respect to the unemployment situation? It should not be necessary to appoint a commission to find out how great this problem is. Five or six years ago the government of the day could not see this unemployment problem forming, but during the past six years every hon. member has been fully conversant with the situation. I think any government, no matter of what party, that takes control of the destinies of this nation should have a definite policy in this connection. Instead of a policy of action, we have at the present time a policy of inaction. We cannot find any policy of action in what was enunciated this afternoon and evening by the Minister of Labour. The proposal has been made to-day that the government should proceed with the erection of homes, but evidently the minister, speaking for the government, is opposed to this. He says that this should be left to private enterprise and initiative and that if necessary the government could come to the assistance of these private capitalists who might do something under the circumstances.

What has happened? Seven months ago the house passed a housing act, giving to private capital the incentive to build homes in Canada. Have they built homes? Have they gone ahead with a construction scheme in any part of the dominion? Certainly not. From a report tabled this afternoon I find that the total of loans approved since the act became operative amounts to approximately two-thirds of a million dollars. That does not mean that construction has proceeded to the extent represented by that sum. In other words, the government of the day gave to the private loan companies money at four per cent as an incentive to build homes; twenty per cent of the value of the homes was to be mortgaged by the federal government at the rate of interest referred to. We were told in the housing committee last year that the mortgage companies would supply funds at the rate of five and one-half per cent, and the hon. member for Argenteuil (Sir George Perley), who was piloting the bill through, expressed the hope that $20,000,000 worth of construction would be proceeded with by reason of the government subsidy to private interests as an inducement for them to finance home building. And yet, when we get the figures that have been tabled, we find that practically nothing worth speaking of has been done in the way of the construction of homes.

Private enterprise has got us into the chaos in which we find ourselves to-day, and now we are looking to private enterprise and initiative to get us out of it. This cannot be done, and sooner or later the government will be forced to the same conclusion as the previous government reached, that it is a case of control or chaos—government control or economic chaos. You cannot escape the necessity for more control rather than less control, as is evidently the policy of the present government.

Mr. DUFF: Does the hon. gentleman know how much private money was invested in homes in this country in 1935?

Mr. HEAPS: I cannot answer that question, but I remember very well that the representatives of the mortgage companies came to the housing committee last year and said that they were prepared to lend money at the rate I have mentioned, providing the government were willing to come through with a rate of four per cent, as they did. But since the money has been available very few have taken advantage of it, for the simple and obvious reason that no private company to-day can take care of the existing situation in regard to housing. There is at present an enormous housing deficiency from one end of the country to the other. Private enterprise cannot afford to erect these homes at such cost as the average person can pay; and in this country, if we are to tackle the problem, we shall have to tackle it in exactly the same way as it is dealt with in other countries; that is to say the government will be compelled to provide cheap money or we shall have to do without the homes.

Mr. DUFF: Does the hon. gentleman know how many homes were erected in Canada in 1935 and who paid for them?

Mr. HEAPS: No; perhaps the hon. member can tell the house.

Mr. DUFF: Yes, I can.

Mr. HEAPS: Proceed.

Mr. DUFF: No, it is your speech.

Mr. HEAPS: I know the hon. gentleman so well and the kind of questions he asks; that is the reason I asked him to answer his own question.

Mr. DUFF: You cannot answer me, can you?

Mr. HEAPS. All I know is that very few homes have been erected. I am told that one house was erected in Regina last year, and perhaps there may be one or two more in the maritimes from which my hon. friend comes. At any rate, with the money available, only two-thirds of a million was asked for by the loan companies in Canada in the past six months.

Mr. DUFF: People do not want to take government money.

Mr. HEAPS: I wish the hon. gentleman would reserve those remarks for his own speech, and make his own speech in his own way. I was saying, Mr. Speaker, that if we are to tackle this problem it will have to be done by means of government money at a low rate of interest. In 1919 an act was passed in Canada with respect to housing, and that act I greatly prefer to the one passed in 1935. The unfortunate part of the 1919 act, however, was that when the money was loaned by the federal government to the provinces there was not sufficient federal supervision over the expenditure. In my opinion the government of the day ought to provide funds for housing purposes at a rate not exceeding three per cent. There is no reason why the government should not do so; I do not think there is any other self-liquidating project which governments can undertake than housing. The collateral in a housing scheme would be well worth the consideration of the Minister of Finance (Mr. Dunning) in collaboration with the officials of the Bank of Canada. If money were available at three per cent there would be witnessed a boom of construction right across the dominion; but if private mortgage companies are to loan the money at the rates they now ask of five or five and one-half per cent, then I am afraid very few houses will be built in this country.

The minister has said that the government realize their responsibility to the unemployed. I wonder to what extent they appreciate that responsibility. Is that responsibility discharged by the appointment of a commission to investigate matters that have already been many times investigated? I do not think that is the way to deal with the problem. The problem can be dealt with in one of two ways: either the government ought to provide work, or, if it is not in a position to create employment by means of public works, then it ought to find other methods of increasing productive employment and distributing the work among those who are willing to perform a useful function in society. That would mean a drastic reduction in hours of labour and a notable increase in productive capacity, and when we have reached that stage of increasing productive capacity we ought also to increase the consumptive opportunities of the people in proper ratio. Whether the government will do that, I cannot say, but for the dim and distant future they have some policy of coping with the situation.

The minister admits that it is the duty of the government to reduce unemployment. Quite true; but what is there in his speech that would indicate what policy the government have for reducing unemployment? None whatsoever; and I think, as was indicated in the speech from the throne and as well this evening by the Minister of Labour, there is no greater responsibility that rests upon the government and this house than that of dealing definitely and without hesitation with this great and growing menace of unemployment in Canada.

The problem of youth has been mentioned —a very important aspect of our whole national problem. Was there a ray of hope for the youth of the country in the speech delivered by the minister? None at all, except the ultimate closing down of the camps. That is something regarding which I am in hearty agreement with the minister, but at the same time I should like to know what alternative there is for these young men when the camps are closed down. Again, we are told that if we only wait, if we only have patience, in the distant future we shall get some idea of what the government's policy is in this regard.

And then the minister wanted an inventory of the whole situation. I think we have a pretty good idea of what the situation is. I believe the Prime Minister (Mr. Mackenzie King), speaking in the house last week, indicated that there were about 400,000 men out of work. If that was the estimate given, and if it is our duty as a parliament to grapple with the problem of unemployment, what are we going to do with the 400,000 who are out of work at the present time? A section of them comprises the construction industry of this country, men engaged in the building trades, vast numbers of whom have not had a day's work probably for years. They had hopes and visions that by a comprehensive housing scheme something might be done on

their behalf. But no, not even a housing scheme is to be considered, because we have to take into consideration the financial standing of the country. Speaking this afternoon from his seat in the house, the first minister made what I may describe as an unusual kind of statement. It was very terse, probably to the point, and I do not know whether it did not even contain the semblance of a threat. He told the house that we have to consider the commitments of parliament and that very soon these commitments will be submitted to the house, and he left the impression on my mind and probably on the minds of other hon. members that there was something in those commitments that would almost make our flesh creep when we knew the actual facts. He warned the house further that these private members' resolutions ought to be spoken to but not voted upon; that if we went so far as to vote on these motions, the question whether they were in order would have to be considered; that they were recommendations for money expenditures; that resolutions involving expenditures were the prerogative of the government, and that only a government member was allowed to bring in resolutions dealing with money expenditures. In other words, if we did not behave ourselves and if in particular the private members of the Liberal party did not behave themselves, they would not have the opportunity of even discussing these questions, because possibly they might be asked at some time on a point of order to vote against themselves and put a gag on themselves. I do not know whether I have correctly interpreted the statement that was made by the Prime Minister. If I have not, of course I will apologize to him.

There has been talk from the Liberal side of the house about clearance of the slums. So long as we have poverty we are going to have slum conditions; the two are inseparable. And while I am anxious and desire to see slum conditions ended as soon as possible, I think the cheapest and quickest way of doing away with slum conditions would be to build cheap homes, wholesome homes, homes that could be rented at a very low price, one within the reach of the average man who is compelled to work for wages. That means, of course, something fundamentally different from what we have hitherto done in the House of Commons. I realize it would be a complete departure from many things we have formerly done. I know of some municipalities that would be quite willing to undertake a scheme of this character if cheap money were available. When I say cheap money I mean money at about three per cent; even at three per cent there would be a good profit for those who handle the money end. After all, money can be handled by banks and similar institutions for, I think, one half of one per cent. All above one per cent is profit, for I know, with the housing schemes we had in Winnipeg under the act of 1919, and a differential of one per cent between what the city was able to borrow the money at, and the rate the money was loaned to prospective owners of homes, the Winnipeg housing commission was able to show each year since the inception of the scheme, fourteen or fifteen years ago, a profit, even during the depression period, of about $12,000 to $14,000. So if money were available at three per cent, as compared with the six per cent that was paid for it in 1919 and 1920, I think a success could be made of any housing scheme.

I am extremely sorry to have observed the attitude which the Minister of Labour (Mr. Rogers) has taken toward this particular issue this evening. I hoped, as others on this side of the house hoped, that he came into the house with some radical leanings. His speech this afternoon could have been given by a good Tory, and a Tory would not have had to object to what he said. It was a type of speech which I did not expect from the Minister of Labour, because, having read some of his writings and known some of the things he preached in the past, I hoped for something better from him when he came to deal with labour problems. I know his heart is as sympathetic to the unemployed as my own or that of any other hon. member. It is not sympathy that the unemployed of the country are looking for at the present time; it is action, and action they have not received. There is all the difference in the world between the two. I want to see this government take action. I will support any measure that it proposes which means doing something toward solving or helping to solve the problem of unemployment. But the speech we listened to this afternoon contained very little in the way of encouragement for people who are out of work. I hope the slip the minister made this afternoon and this evening is just temporary. I think he has been awed somewhat by the newness of his surroundings. What the Prime Minister said this afternoon about the commitments of this country and the balancing of the budget must have overawed the Minister of Labour and got the better of his sympathies and even of his judgment.

Mr. FAFARD: I think it did spoil your own speech.

Mr. HEAPS: It could not spoil my speech. But I am rather disappointed. I feel that the

government, after all that was promised in the election, with all the hopes that its members held out about action if they were returned to power, has dissipated those hopes through the speech made to-day by the Minister of Labour. I hope this is only temporary, and the next time he comes to the house and deals with labour problems he will show not only a more sympathetic attitude toward those problems of the workers of this country, but also a greater preparedness to do something definite on their behalf.

Mr. J. A. BRADETTE (Cochrane): Unlike the hon. member for North Winnipeg (Mr. Heaps), I think the Minister of Labour (Mr. Rogers) should be sincerely complimented upon his maiden speech. He has shown a true knowledge of the actual situation; he has shown depth, width and breadth. The hon. member for Winnipeg North is sitting very close in the house to a group of men who I have no doubt are very sincere, but who have made promises which it will take them a very long time to live up to. The times of promises are passed. We are getting action from the present government.

I want to say a few complimentary words in regard to the hon. member for Broadview (Mr. Church), for giving the house an opportunity of speaking in a general way on matters pertaining to the nation as a whole, matters in which not only every hon. member but every citizen of this wonderful country are deeply interested at the moment. First of all I want to say a few words about housing. This is not a new thing in Canada. Immediately after the war, in 1919, a housing scheme was inaugurated, and we have the experience gained at that time to guide us now. That was not absolutely without flaws, however; no later than last Saturday I received a letter from a friend of mine, a good doctor who practises in the town of Cochrane, who built a house under that 1919 scheme. He told me that a writ was going to be issued for the sum of $1,225, representing back payment under that housing scheme, back interest and municipal taxes. In a word that man is going to lose his home, all because the scheme of 1919 was not properly studied, and because the costs of building material were too high. The same situation exists in many other cases. I was astonished to hear the hon. member for North Winnipeg (Mr. Heaps) say that the housing scheme had been a complete success in Winnipeg.

Mr. HEAPS: Absolutely.

Mr. BRADETTE: It was not a success in a good many cities and towns in Ontario.

[Mr. Heaps.]

I could mention many constituencies represented by hon. members in which there were many failures, and that applies perhaps more particularly to my section of the country. No doubt the late government took a step in the right direction last year in inaugurating a housing scheme; no doubt that scheme could be enlarged and improved, but that will never be done by promises or the waving of hands.

This afternoon the hon. member for Trinity (Mr. Plaxton) mentioned that the housing scheme in England had been a huge success, and was one of the main reasons why Great Britain is on an even keel at the present time. That is only partly true; we all know there is a great difference of opinion among those who have studied the housing scheme in England and grave errors were made when that scheme was inaugurated, and the same applies to Canada. No doubt the discussion here to-day, which has been maintained on a very high plane, will bring about some good results. The hon. member for Grey-Bruce (Miss Macphail) this afternoon rightly mentioned that the farmers and settlers of this country should also be included under any such scheme. It is all very well to visualize the slums of the big cities; it is easy to put our fingers on them. If it were possible, however, to get the poor little habitations of the rural sections of northern Ontario grouped together you would see much worse slum conditions than you have in any city of Canada, and I believe those people deserve consideration under any housing scheme.

In this connection we also ask the government whether it would not be possible to help the dwelling situation among our farmers by extending the operations of the farm loan act. In my files in my office in this building I have hundreds of letters from farmers who have their deeded land in northern Ontario and who have made application to the farm loan board. In ninety-nine cases out of a hundred they have been turned down, for no apparent reason at all. In some cases they received letters two or three months after their applications were filed; after that lapse of time their fees were returned and they were told that, after inspection, the government did not find it possible to loan them any money. I remember last year when the then Minister of Finance, presenting an amendment to the farm loan act, asked parliament to vote $90,000,000, and at that time he said that if this amount should become exhausted another $90,000,000 would be voted. We supported that measure with both hands, but I do not believe it has been of as much

benefit as it was expected to be. I will take another opportunity to place before parliament and the country the actual situation that has been created among the farmers of this land.

I should like also to say a very few words with regard to reforestation, with which I should like to combine the preservation of our forests. In the Ontario legislature, whether on the opposition or on the government side, I always maintained that the Ontario fire rangers should be employed all the year round. I believe the same principle that is applied to medicine should be applied to our forests, that prevention is better than cure. It should be possible to have thousands of our young men employed in the preservation of our forests during the dangerous time of the year, and to have those young men also employed in replanting and reforestation in every province of this confederation. I also fervently hope parliament and the government will find it possible to bring about fair prices for our forest products. It may be a revelation to a good many hon. members to learn that, except in the years 1917 and 1918, so far as northern Ontario is concerned there never has been a settler, a farmer or a small forest owner who has made any money out of forest production. The moment that you are able to create new markets or the moment you make it possible for these farmers to develop their own forest holdings at remunerative prices you will find that they will need very little protection, because they will see the advantage of looking after their holdings, and will husband every tree on their holdings.

I should like to say a few words also with regard to the land settlement scheme which has been mentioned by the hon. member for Broadview. That is a moot question, not only in this but also in every other country throughout the civilized world. We realize that our civilization has tried to expand in only one way, industrially, and this statement applies with great force to Canada. Only two years ago I read an article in Saturday Night which asked whether it would not be better for Canada to become more and more an industrial rather than an agricultural country. As far as nature and climatic conditions are concerned, kind providence wants this to be primarily an agricultural country. That fact cannot be denied, but we have falsified the true state of affairs. See what has happened in this, as well as in every other country, in the last twenty years. The young people from the rural communities have found their way to the urban centres, and to-day all governments are putting their ears to the ground and thoroughly studying the agricultural situation, in an endeavour to get people to go back to the land.

I well remember when in 1930 the then Minister of Labour, who by the way is a personal friend and neighbour of mine, inaugurated a back to the land movement. I told the minister at that time that I was absolutely in favour of such a movement, but when in 1931 he told the House of Commons that thousands of people had been placed back on the land without the expenditure of public money from either the federal or the provincial treasury, I told him the thing was absolutely impossible. In that year, however, the government inaugurated the Gordon plan, and in very large measure I have upheld the principles of that plan. I believe in my riding this land settlement scheme has progressed further than in perhaps any other riding in Canada. I have hundreds of these people near Matheson, Iroquois Falls, Cochrane, Kapuskasing and Hearst. I am primarily a pioneer myself; I went to northern Ontario over thirty years ago, so I am reasonably familiar with the present situation. These were very fine people who were taken from their former surroundings under a movement inaugurated by the federal government and assisted by the provinces and municipalities, but their troubles are not over. It is true that the federal government, the provincial government and the municipality each contributed $200 to establish each family on the land, but let me remind the house that two years ago I told the then Prime Minister that when this money was spent these people would be worse off than they were before settling on the land, and that the federal government would find it necessary at the end of that period of time to continue to help these settlers. These people who have been affected by the back to the land movement are practically the wards of the present government. Many of them, unless help is given to them will have to give up what they have begun and lose the fruit of their work of the last three years. It will be found absolutely impossible for ninety-five per cent of them—and I make this statement deliberately—to get along, and they will have to get away from their present holdings. At the present time the municipalities have washed their hands of the situation, and the responsibility is placed on the door step of the federal government.

We are living in strenuous times. Sometimes we are astonished to hear statements such as that made by the hon. member for Weyburn (Mr. Douglas), for example, who said only a few days ago in this House of

Commons that for the first time young people were represented in parliament. Surely he did not mean that. Surely a member of parliament worthy of the name represents not only the old and the young people in his constituency, but all classes including youth, middle age and old age. Every man sitting in the House of Commons is fully seized of the exact situation.

Miss MACPHAIL: What about the two women?

Mr. BRADETTE: They are certainly included, I must assure the hon. member, with great gusto, and I sincerely regret the involuntary omission. We are seized of the facts as to the serious situation of the people, and we all agree that if there is one class in full contact with all classes then certainly it is the members of parliament. I am leaving no one out of the picture. Each of us receives dozens of letters every day from people who are suffering. We do not throw these letters aside; we do not say that we represent only one class. We represent all classes of people, the whole population in our respective constituencies.

I shall have further opportunity to speak about the land settlement scheme, but there is one thing I should like to make clear: So far as northern Ontario is concerned we want no more people from southern Ontario, under either the Gordon or any other plan, until such time as we rationalize colonization and agriculture, and make the present occupants prosperous. Farming is a vocation; it is a calling from the heart. A man's inclination must be natural; he must be ready and willing to sacrifice if he is to become and remain a farmer. New people were brought to the land under these schemes, and the present holders of new sections in our own country, although they were courageous and enterprising, are not prosperous. The primary duty of a government, whether it be provincial or federal, is to render prosperous the actual settlers on the land. That would be the best possible kind of advertising, and the best possible scheme. I believe that principle could be easily applied. So far as I am concerned, using my own energy, directing my attention to the present provincial government in Toronto and also making application to the federal government, I believe we must of necessity rationalize our viewpoint and our policy, so far as colonization and agriculture in Canada are concerned.

I believe it would be worth while if the federal government would create a central fund whereby it would be possible to foster land clearing and ploughing. That would be the best possible way to keep our settlers off the relief lists. In the past we have dealt artificially with our industries. Every one knows that we have exempted them from certain things, and have given them the protection of high tariff barriers, concessions, privileges and tax exemptions. During all this time, in most cases agriculture and colonization were left to themselves. To-day if we wish to have prosperity back in Canada we must deal properly with the primary producers, the farmers of this country. If they cannot be prosperous we can never have prosperity. That problem is possible of solution, because we are working with a class of people who are most reasonable, most thrifty and most industrious. All they want is a chance. They want a chance—not to have luxury, not to have great comforts, but only to have a decent living, and a chance to succeed.

I wish to make only one or two further observations which are in my mind at the present time and which can easily be coupled with the back to the land movement. I have spoken about immigration. I was highly elated this afternoon when the hon. member for Rosetown-Biggar (Mr. Coldwell) referred to immigration and stated that he was against it. At this time there is a movement on foot to bring in more fine people from some other lands. The time has not yet arrived for such a movement; I do not think it will arrive for many years to come and as far as I am personally concerned I never want it again. I know the rural situation, and I can well remember the protestations of the hon. member for Grey-Bruce (Miss Macphail) and other hon. members in the group to which she belongs when my party maintained an extensive policy of immigration years ago. Sitting in the far corner of the house, as a new member, I protested. No matter what any hon. member may have to say about bringing thousands of new immigrants to this country, I say that we have no place for them at the present time. What would we do for them? I remember a previous immigration policy, when we had people coming from central Europe and from Great Britain. At that time we tried to put them on the land, but I wonder how many of them stayed there. Not two per cent of them stayed on the land. Ninety-eight per cent of them found their way to the industrial centres of Canada, and many reached the United States. I well remember the late Minister of Trade and Commerce, for whom I have the greatest respect, deploring the fact that our university graduates and craftsmen and artists could not find fruitful occupations in Canada, and had to go to the United States, a condition which was brought about to a

great extent by the immigration policy of the government. All parties in the past sinned in that regard, and I fervently hope that these actions will not recur.

Last fall I attended a meeting of a board of trade in northern Ontario. It was held in the Porcupine section, where at the present time we have the greatest gold mining development in the world. In that section thousands of people are finding fruitful occupation. At the meeting the question arose as to what would become of the young men and young women in the Porcupine section, one of the most prosperous in Canada and possibly in the whole civilized world. Mr. John Knox, general superintendent of the Hollinger mine, made the statement that that mine had been in existence for a quarter of a century. Mr. Knox considered it was the duty of the administration of the mines primarily to find employment for the young people in the Timmins district, for the sons of those men who had given many years of good service. I say that it would be unfair to Canadians if we were to entice people from other countries to come to Canada, unless we found it possible to give to our present population plenty of fruitful occupation, also means to build homes and the opportunity to live as they would like to live.

A few days ago I happened to be present to witness the progress of a great movement which, I believe, is a step in the right direction. I never like to make comparisons between provinces, because after all we are all Canadians. However I happened to be in the province of Quebec and to witness a trainload of men being sent to the new settlement in northern Quebec. When I looked at those men I thought to myself that history was being written in big black letters; that our present civilization was trying to rectify conditions and to place back into its proper setting that part of the population which should never have gone into the urban centres. Later on I went to the Abitibi section, to Timiskaming, and to lake St. John. There I saw what the government was doing for these settlers. Not that I am in love with too much paternalism. Some might be inclined to ask what has become of the pioneer spirit of the Loyalists who colonized Ontario, and my ancestors who colonized the north shore of the St. Lawrence river. I tell you, Mr. Speaker, that their descendants have just as much courage as their forefathers, but they are facing a different situation to-day, and in the new centres of colonization we now find the government providing employment, building churches, Protestant and Catholic, paying the priests and ministers, building schools, all out of the provincial treasury. I have been a settler myself; I know the struggles that these people must go through until they begin to prosper on their new holdings, and I am speaking of them to-night because I want parliament to be fully seized of their situation. I believe there is hope in the present situation. Humanity has suffered much in the last five years, and I want to give all due credit to the late Prime Minister. Nobody can accuse him of being asleep at the switch for he has worked twenty-four hours a day for the last five years. But just the same there is not a Canadian who is satisfied with the present situation. We are all wanting a solution of our problems, and we know that it cannot be brought about by any simple formula. But when you see provincial governments working in cooperation with the federal government and know that this government is fully seized of the situation—and we all remember its back to the land movement of a few years ago—I believe, knowing our fine population as I do, that if we will all combine our energies our country will eventually emerge from this depression, regain the prosperity she enjoyed in previous years, and experience fuller days of progressiveness, of self-reliance, and of a fuller life for the whole nation.

Mr. WILIAM HAYHURST (Vegreville): Mr. Speaker, it is indeed a pleasure for me to speak from this corner of the house this evening. It is a new experience for me to address the house, and I venture upon it with diffidence and modesty. But we feel that we in this part of the chamber have a new philosophy to offer.

My sympathy is with the government in the problems with which it is faced, and I should like to congratulate the Minister of Labour (Mr. Rogers) most heartily upon the very able manner in which he has put forward his ideas, but at the same time I feel that they will not solve the problem with which we are faced, that of scarcity in the midst of plenty. As was said by the great Shakespeare, "The fault, dear Brutus, is not in our stars but in ourselves, that we are underlings." It has been said by the Dean of Canterbury that the social crediters embody the best aspirations of the Conservatives, the Liberals, and the socialists, and so I would say that we are sitting in a very enviable position in this house inspired as we are to carry out the great ideals enunciated by the Dean of Canterbury.

The nations that feed and clothe and shelter their inhabitants will stand out as shining examples to the rest of the world.

We believe a new age is being ushered in, and because of that we believe Canada should adopt the new idealism or the new economics, that we may usher in a new philosophy whereby this enigma of poverty in the midst of plenty may be solved.

The Minister of Labour (Mr. Rogers) has said that this government does not believe it can end unemployment by its own unaided efforts. We believe that also. We contend that we should combine our forces against scarcity. The minister also said that the relief camps should be closed. We also think they should be closed and the men who have been living in them should be given a more decent and a better standard of living. We are all of us striving for a higher standard of living, and that is what the social credit people stand for.

Speaking at Kingston the Minister of Labour used these words, as reported in the Whig Standard:

> Unemployment is not going to vanish in the twinkling of an eye, and it is impossible for any government to deal with it on that basis. Recovery rests on the primary industries and on raising the purchasing power of the workers in those industries.

In reply to that I would say that unemployment has increased even in times of industrial activity. As the president of the Bank of Nova Scotia said in his annual address to the shareholders, we cannot begin to absorb the army of unemployed, even if we went back to the degree of industrial activity that we had in 1929. We are firmly convinced that unemployment has been brought upon the world by the industrial and mechanical genius of man; that this scientific age has brought us into a new era, and that we need a new economics to solve the problem of unemployment.

That large numbers of people will never be able to find work is probably true. We do not think work is necessarily a virtue. We believe men and women should have more time to think out their problems and leisure is something for which we should all strive. Our scientists have been working day and night in order that we might be relieved of unnecessary labour and drudgery, and we believe in ushering in an age of leisure, rather than an age of employment as it is often spoken of, believing that man must not necessarily work, but that he should be paid, and that instead of employment we should use the term "empayment." We believe everyone should be paid. We believe in citizenship; that men and women, boys and girls, are the real asset of any nation; that we should do what we can in this great dominion to release them from the idea of scarcity, from the fear regarding to-morrow's dinner pail, and that they should be provided with housing accommodation such as is recommended in the resolution now before us. We have the materials, the lumber, and the men. All the materials are at hand, and all we need to do is to put them together.

The present monetary system is suffering from a lack of tickets. It is a system controlled by a certain policy which is in the interests of financiers. We believe we should control the money policy for the welfare of mankind. It does seem ridiculous to me that we, an intelligent people, should allow financial autocracy to rule us when all we need to do is to control this ticket system.

The Minister of Labour has said that we should not spend our way into chaos. We believe it is ridiculous, of course, to think of debt creation, if that is what he means by spending our way into chaos. Chaos was a a great word used by the Liberal party in the campaign in Alberta, where their slogan was, "Vote for King or chaos," and I suppose that is what the minister is thinking of. We believe the debt creating system, as it is understood to-day by modern financiers, leads to nothing but chaos. If we control our credit we can give everyone the necessities of life. We have solved the problem of production and the only trouble to-day is that we have not solved the problem of paying people. We believe every individual as a citizen of Canada is entitled to be paid, whether at work or not. Lord Bryce said that money power was man's most dangerous and insidious enemy. Many of our great economists, including Arthur Kitson and some of the great German economists, have said that international money power as controlled by the international bank of settlements at Geneva must cease, otherwise we shall always live in poverty, or large numbers of our people will be living in poverty with their children in neglect. I have been a school teacher most of my lifetime and I realize that many of our young people have no opportunities whatever under the present silly system. Our young people should be our real wealth and they should be given opportunities in life. The older people should be pensioned off. We believe real wealth consists of goods, lands and property and that should be monetized if we are to use the term "money."

There seems to be dawning a tremendous era of money manipulation. For instance, in England they are planning to manipulate their money system in order to bring into

being a two billion dollar war machine. Where will they get the money from? We know it will be merely a debt creating system upon which they will be expected to pay interest. Such subtle money manipulations will lead ultimately to disaster. We believe we are at the crossroads of history and we must go forward or go under. We have struggled for political liberty; we have struggled for personal liberty, but we feel we are endangered to-day by the possibility of financial slavery. We should struggle for financial liberty and freedom; that is our business here. We are ready to cooperate with anyone who will look into the future and endeavour to free mankind from this slavery to the banks.

Unemployment has been mentioned this evening. It would seem that the proof of scientific progress is the increasing mastery of man over nature in order to put men out of work. Ideas sometimes can become as powerful as chains of steel. As we see the situation, the world to-day is in the grip of a nightmare and unless we break away from this evil spell of false convictions, the nightmare will continue. We feel that to-day we have a wastage of youth, a wastage of commodities and a wastage of machines. Hon. members may not believe this, but I ask them to go out to Alberta and see the tractors lying idle behind the barbed wire fences. There are more machines idle to-day than there are idle men. We are talking about unemployment but we should be thinking of putting our machines to work and giving our people more liberty. What is physically possible should be financially possible. To-day we feel that the big fish are eating the little fish; the little fish eat the minnows and sometimes I think the farmers in the west are the minnows.

We agree that the slums should be abolished. I have before me a little article on the abolition of these slums. In reviewing the progress made in housing, one hon. member mentioned Great Britain. Sir Halton Young has said that although between 1918 and 1933 the number of inhabited houses had increased by 1,363,000, this did not produce the expected filtering of population and the automatic disappearance of the slums and overcrowding, the reason of course being that the slum tenants could not pay the rents. This slum problem is a good example of the glaring defects in our economic system. There is something peculiarly dreadful in the thought of these acres of squalor in the large cities. It is not only in the large cities, because in the rural areas of Manitoba, Saskatchewan and Alberta you will find some of the most appalling conditions. You will find men and women living in habitations not fit for their dogs. Such a condition should rankle in the national conscience; it should rankle in the minds of all good thinking people. We must do something to solve this problem. I do not think there is one hon. member who does not believe we have the labour, the materials and the mechanical skill necessary to do this work. In fact, we have all the resources at our command, but still the slums remain. It is only a matter of a little bookkeeping, but because of our curious habit of charging capital costs into prices we cannot build houses to rent at amounts within the spending power of the poorer classes. However, by adjusting costs and distributing national dividends to the tenants by means of new material created for the purpose and not issued as a debt to the banks we could solve the slum problem with the greatest of ease. What did Major Douglas say with regard to the control of finance as we have it to-day? We have two systems, the productive and the financial, and this is what Major Douglas has to say:

> Most people thought that, in some mysterious way, when wealth was produced money was produced. On the contrary, we could produce real wealth of every kind until we were black in the face and we would not produce one penny of purchasing power. This separation of the economic system into a production system and a financial system was the first step toward an understanding of the situation.

It is a delusion that money of itself is something of worth—the real wealth is goods. People have the idea that money is something born of blood and tears, and therefore it is valuable. Being a new speaker, I do not wish to take up too much of the time of the house, but I should like to give a few words of Arthur Kitson upon this great subject:

> The post-war period ushered in an entirely new era, unlike any former period of the world's history; a period in which man's inventive genius has placed within mankind's reach boundless wealth, sufficient for every inhabitant of this planet to enjoy life without encroaching upon supplies needed by any of his fellows; a period in which nature's powers have been harnessed to machinery for furnishing all the necessaries and most of the so-called luxuries of life. And yet amidst all this abundance, we are inundated with myriads of starving, ragged people living in hovels, all because our officials have not the intelligence to see that the old economic theories have become fallacies, the old monetary and banking systems unworkable, and that just as our productive methods to which we owe this age of plenty have been revolutionized, so our entire economic system must be reorganized.

Mr. HARRY LEADER (Portage la Prairie): Being of a retiring nature, I am always hesitant about entering any debate. It certainly was not my intention to say anything on the resolution presented by the hon. member for Broadview (Mr. Church), but after listening to his presentation and the

words from our Prime Minister (Mr. Mackenzie King), I am inclined to think this is an opportune time for any member who represents a part of this dominion to bring his views before the house.

I am not going to discuss a number of questions, many of which have been brought before us this afternoon and evening, but I do want to say something about a certain matter with which I am very intimately connected. At the same time I want to offer friendly if not valuable suggestions to the Minister of Labour (Mr. Rogers). I take it that this policy of the present government is only in its formulative stage, and that they will welcome any suggestions that any member can bring forward which will help them in drafting a proper policy.

I think I should be remiss in my duties if I did not take advantage of this opportunity to speak to-night, and the particular phase of the subject which I would discuss is the farm placement plan. Hon. members may not know it, but I would inform them that I am what is called a working farmer. I have lived all my life on the farm and I should know something about the conditions. Now as regards unemployment, that has never given me very much concern personally; I was always able to find employment on the farm; in fact, the problem that bothered me was to find time to perform the work I had set before me. At the same time I realize that unemployment is the greatest problem we have to deal with in Canada to-day, and so I will say something about the farm placement plan which I believe was inaugurated by the late government.

As hon. members know, this policy provides $5 a month for any man willing to take a chance and work for a farmer. Originally I believe it provided $5 a month also for the farmer, to compensate him for the man's board, but that was discontinued; I do not know why, but I have heard it suggested that it had become a racket. I do not know whether that is true, but I have made inquiries in my own province, and so far as Manitoba is concerned I am informed by the government that there was very little abuse connected with the farm placement scheme as it affected that province. But even if a little abuse did exist, all the benefits that have been derived from that policy counterbalance any abuses that could possibly creep in. At any rate, the policy of paying the farmer $5 a month was discontinued and so we have only the policy of $5 a month for the man who will work on the farm. From my information I gather that this is the most effective and most economical form of farm relief; that was the information disclosed to the convention of United Farmers at Portage la Prairie last fall.

I would therefore submit a suggestion to the Minister of Labour, who referred to this subject this afternoon; indeed, I would not have entered the debate had he not said that the government could pay $10 a month to these men and save money in connection with the expenses involved in the maintenance of the relief camps. In my opinion we could pay a man $10 a month to work for a farmer and the farmer $10 a month for boarding the man. Some may question the wisdom of allowing the farmer $10 a month for board. Well, I come from a farm and I know conditions there; as the hon. member for Winnipeg North Centre (Mr. Woodsworth) suggested there are many farmers who cannot afford to board a man, and board is worth at least $10 a month even on a farm. That is why I suggest that the government, when taking this policy into consideration, should not only pay $10 to the man going to work on the farm but also pay the farmer $10 for boarding the man.

We learned at the convention at Portage la Prairie that approximately 4,000 farm hands were placed on farms in Manitoba last year. I believe we could place 10,000 farm hands among the farmers of that province if the scheme I suggest were carried out. To those who would object to paying the farmer $10 a month in compensation for board, I would point out that this would add that much more purchasing power to the farmer, whose purchasing power was never at a lower ebb; and this money would be spent in the local districts to pay store bills and to carry on business in their own districts throughout Canada, instead of the money going, as most of it now does, to some wholesale firm or some other concern where it is more centralized and not distributed over the whole country, as it is very desirable it should be.

Now, how would this affect unemployment? I think it would cure unemployment in so far as you would keep these men out of the cities. And I would not limit this to the man who never was on a farm in his life. Under the present form of relief these men must declare, in the document they are required to sign, that they have no homes; that they have no places to go; that they have no money; and then they are taken care of. If they have made money during the summer they are precluded from enjoying the benefits of this scheme. If they are under sixteen years of age they are prohibited from enjoying its benefits. I had a case up at Portage la Prairie where the farmer appealed to me, saying that his

application for a sixteen year old boy was turned down, although he was, the farmer told me, one of the best men he ever had on his farm. The boy had no other place to go; his parents were on relief; and just because the farmer put in his age at sixteen the application was denied. I am glad to say that after the matter was taken up with the Manitoba government, they in turn perhaps having submitted it to this government at Ottawa, he was allowed to stay on the farm where the farmer thought he was the best man he ever had.

There should be more elasticity about these applications. I had another case submitted to me in which a farmer's application was turned down simply because the man had made $120 during the summer. That should not be held against a man. If he was industrious enough to get out and earn $120 during the summer he had a perfect right to be taken care of during the winter time; and I know from information I got that $60 of the money he had earned had gone to his father and mother to help them. Yet his application was turned down. I have not heard whether the government has since been able to accept that application, but I think it is a crime if a man who is willing to work is not allowed to take advantage of this plan.

I said a moment ago that this is the most economical form of relief. Take 10,000 men; give them $10 apiece; pay the farmer $10 for boarding them, and it would cost you about $200,000. At any rate, it is $20 per man. I was not a member of this house last year, but I took Hansard; I tried to read it religiously and I found out that the cost of keeping each man in the relief camps was at least $39 a month. It has been said that the relief camps are not desirable, and I believe it is a blot upon this nation that we have to maintain them. But we can pay these men $10 a month and the farmers $10 a month for boarding them, and yet cut in two the cost of keeping these men.

Mr. MacNICOL: May I ask my hon. friend a question: how many thousand men did he say?

Mr. LEADER: Ten thousand.

Mr. MacNICOL: Twenty dollars a month for twelve months would be—?

Mr. LEADER: Ten thousand men at $20 apiece would be $200,000. But the point I wanted to make was that by taking these men out of the relief camps and putting them on the farms we would be maintaining them at just half what it is costing the taxpayers of this country at the present time. That is a consideration. I commend this plan to the Minister of Labour and I want to tell him that there is lots of power behind him. I have talked to hundreds of farmers in my district who would be willing to take one and perhaps two of these men, but who cannot afford to board them; and I know whereof I speak. When you consider that last year most of the province of Manitoba had scarcely a bushel of wheat; that thousands of acres were burned up on their fields, that for many of these men it is the only cash crop they have every year and that they did not get a dollar, I know it is the absolute truth that they cannot afford to board these men. I submitted this resolution to the United Farmers of Manitoba at their convention held in my own city of Portage la Prairie and I am glad to say that it was adopted unanimously. I say to the Minister of Labour that I believe this plan is well worthy of his support. If we can cut the cost of maintaining our single unemployed on relief and keep them on the land we shall be doing good business for the men and the people of this country.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): It seems to me that in many ways this is a rather important debate. Possibly the terms of the resolution are too broad; but the resolution does seek to bring together two important phases in our present life; that is, the public services which we should have in this country, and the great question of unemployment. These two ought to be linked together. That is the underlying principle of the resolution. Further than that the resolution is important because it has drawn from the government some little indication of the attitude of the government with regard to these outstanding problems. I am not sure that most of us are very well satisfied with the position of the government. The Prime Minister (Mr. Mackenzie King) was quite willing that we should study the situation. That is precisely the attitude which he held during the nine years the Liberals were formerly in power. I am glad in some ways that we had an opportunity of studying a number of questions in that time—unemployment insurance, old age pensions, minimum wage and so on. We discussed a number of those questions in the house. Study, study, study! Committees brought in reports; with regard to other matters commissions reported, but very little was done in those long nine years. Conditions grew steadily worse with regard to unemployment.

Members who have been long in the house can remember very distinctly how just before

the Conservative government came into power we emphasized the need of solving this problem of unemployment. At that time the government took the position that there was not really very much unemployment, and what there was could be readily looked after by the provinces and the municipalities. So we waited, and because of the long delay the people grew tired. They said: It is time for a change, and the Conservatives came in. During the Conservative regime, while the present government was in opposition, hon. gentlemen opposite had ample time to study this great problem. It is quite true that they did not put forward in any very concrete form what their alternatives to the government policies really were, but surely they had time to study the question; they had time to gain some idea as to what they would do under present circumstances. Yet now at the beginning of this session, after the government has been in power for some months, all we can get from the Prime Minister is that we are to have an opportunity of studying the question somewhat further and that it would not do to embarrass the government; we must give them time.

Mr. VIEN: Is it not a fact that in 1922, when the Liberal government took office, there was a crisis, but that conditions gradually improved until we reached a wave of prosperity in 1927, 1928 and 1929, and that the crisis of unemployment began to be felt only late in 1929?

Mr. WOODSWORTH: It is quite true that there was a certain period of relative prosperity, but I hope the government will not take full credit for all that. Then, as we all know, the depression came on, and during all that time there was acute unemployment in large sections of this country.

Mr. VIEN: Not before 1929.

Mr. WOODSWORTH: Yes, before 1929.

Mr. VIEN: Not acute and not widespread.

Mr. WOODSWORTH: It was very widespread latterly; it gradually grew, but we had unemployment, as will be shown by the appointment of committees to study the question at that time. That was very clearly recognized by all members.

Again the Prime Minister would suggest cooperation between the dominion government and the provinces. That is all very well, but we have had attempts at that in the past, and when we come to matters of this kind we all know that a number of the provincial governments are on the verge of bankruptcy and that a number of the municipalities are actually bankrupt. So cooperation will not get us very far unless we have some way of financing these undertakings. As I understood the matter the Prime Minister had gradually come to the point of regarding unemployment as a national problem; he so announced it, yet apparently now we are to be thrown back on the idea that in some way, through cooperation between the dominion and the provinces, we are going to solve the problem.

He tells us now to wait until the government see what their commitments really are. Well, supposing we do wait and then discover that the government have very heavy commitments, as we all know now without waiting any longer. What then? What does the Prime Minister propose to do then? It is barely possible that there may come a little bit of temporary prosperity, a slight upward rise of the curve, but I think anyone who has studied the matter carefully will not consider that any such slight increase in prosperity will solve this problem of unemployment. Then what are we to do? That is the question, and we might as well face it now. It seems to me that it is obviously the duty of the government not to wait and not to ask the house to wait before attempting to outline a program that will solve these problems.

I looked forward with a great deal of interest to the speech of the Minister of Labour (Mr. Rogers). I think we all recognized his sincerity and his ability. I was glad that he suggested that none of us should impute motives to others; that we should all recognize that we are anxious, each in his own way, to solve this problem. But he further suggested that certain people in this house were rather inclined to look to some set panacea. I submit to him that we must have some working hypothesis, some working theory, in order to place things in their right perspective. I think if anyone has a working theory of that kind the minister has it, the old Liberal theory of allowing things to work out in their own way, so in holding that view his position is no more to be commended than that of some of us who may believe in a definitely planned economy.

The minister says, and I have no doubt whatever that he quite believes, that the national credit should not be given precedence over human needs. By "national credit" I do not think he means at all what my friends to my left mean by it; he means that our position in the money markets of the world should not be impaired. But while that is a very laudable desire, he suggests that we should not allow that consideration to blind

us or prevent us taking action in order to meet the pressing needs of the people. I agree with the minister in that; I think that is absolutely true, and it is because I believe in that statement I insist that the government should now face this situation, because by delaying week after week and month after month we are simply making matters worse. Think of these young fellows who have been in the camps, unemployed, for three, four and five years. I take it that this question should be dealt with at once; that their welfare should be given first consideration, whatever that requires. I take it that this is really what we have in mind when we say human needs should come first. Whatever it may cost us and whatever our other financial commitments may be, we must care for the people of this country.

The minister states his faith in and reliance upon the natural channels of private and corporate investment. Well, personally I am sure he is doomed to disappointment. We have too long trusted those so called natural channels of private and corporate investment, and they have failed us. It was by trusting them in the past that we got into this chaotic condition, and merely continuing to trust them is not going to get us out of it. We must recognize, if we are to carry out the principle that human needs must have priority, that we must begin at once to meet the needs of the million people who are now on relief. Those needs may be met not by giving more adequate relief than is being given to-day, but by setting the men at real work, at certain types of work which are needed in this country and which would greatly enhance the real wealth of the nation.

Other countries have adopted some of the projects that are mentioned by the hon. member for Broadview (Mr. Church). I recall visiting Germany years before the war and being delighted with the reforestation that had been going on there along the Rhine. I also remember later going to Japan a country poor in natural resources and seeing the hillsides clad with splendid stands of timber almost to the very top. In this country we have sacrificed our forest wealth. As I was thinking of this to-day I went to my files and found a diagram which I wish I could show everyone, depicting the situation in British Columbia. When man entered British Columbia some seventy years ago he found 125,000,000 acres of forest stands containing 1,500,000,000,000 feet board measure of timber. Prior to 1918, according to the conservation commission here at Ottawa, fire had destroyed about 665,000,000,000 feet board measure; in the seventeen years from 1918 to 1935 fire destroyed another 230,000,000,000 feet board measure, making a total of 895,000,000,000 feet board measure destroyed by fire, or considerably more than half the entire timber resources of British Columbia. Several years ago I remember being in the southern part of the upper country and seeing forest fires raging there with no effort whatever being made to check them. It was said that the administration at that time did not feel that they had the finances necessary to give adequate fire protection. Then this diagram goes on to show the enormous losses through logging wastes, insects, rot, wind and so on. According to the forest branch there is left only 350,000,000,000 feet board measure of workable timber, of which only 111,000,000,000 feet board measure is accessible, according to the statement of the chief forester.

Mr. BENNETT: But the federal government had no control over that.

Mr. WOODSWORTH: I am glad the right hon. gentleman called my attention to that, but I am not blaming the federal parliament. The point I want to make is that we have an enormous amount of work to be done in this country, and reforestation or afforestation is one of the subjects mentioned in the resolution now before the house. If British Columbia does not feel that it has the financial ability to protect its forests, then it seems to me that this becomes a matter of national concern, and we might very well turn loose some thousands of the young men we have in the camps of British Columbia to protect the timber of that province. We cannot forever rigidly draw this line between what is within the jurisdiction of the province and what is within the jurisdiction of the dominion. I have not the slightest doubt that in a matter of that kind the provinces would be willing to cooperate.

And so, all along the line. Take this housing suggestion, which has been so much emphasized to-day. As the hon. member for Trinity (Mr. Plaxton) said, in recent years splendid work has been done on a very extensive scale in Great Britain. Some hon. members may have read of the very large housing schemes carried out in Vienna some years ago. It was done through taxing; they practically taxed the rich of that city out of existence, but they provided for the needs of the poor.

We know something of the way in which some European countries have been making strides towards recovery. I have not time to go into the facts concerning Sweden, which country I believe offers a first class example

of what may be described as practical socialism, of taking the ideals of human needs and recognizing that the resources, equipment and credit essentially belong to the people. Or perhaps I might even venture to point to what has been accomplished in a comparatively short time in Russia. A few years ago one could hardly mention that great country without finding many people ready to tear one limb from limb. I notice in the last number of Canadian Business an article by Sir Frederick Banting—

Mr. BAKER: Russia is behaving much better now.

Mr. WOODSWORTH: The article is by Sir Frederick Banting, and as the publication is issued by the Canadian Chamber of Commerce I suppose I might be permitted to read it without fear of corrupting the minds of hon. members. I can recall some years ago suggesting in the house that if gold were as important as we seem to think it is, we should send some of the unemployed into the northern gold fields to dig gold which, in part, could be used for the payment of our debts. What has been done in Russia in this regard? I quote Sir Frederick Banting:

> The same problem of buying in foreign countries led the Soviet Union to send her geologists and mining engineers to search for gold for export. In 1928 the new Soviet gold was worth $31,000,000; in 1933 it was worth $93,000,000; in 1934 it surpassed Canada and the United States in producing $150,000,000 in gold. The latest reports indicate that in 1936 the Soviet Union will exceed the $400,000,000 production of South Africa. The Soviet Union has paid off nearly $700,000,000 of foreign debts during the past four years. It is estimated that their foreign debt is now less than $150,000,000. She is not interested in gold reserves and thus her gold alone will give her $500,000,000 foreign credits during 1936.

I commend this article to the Minister of Finance (Mr. Dunning). It may offer one way in which to help balance our budget.

Mr. DUNNING: What wages did they pay?

Mr. WOODSWORTH: The article does not state what wages were paid. Since the minister has raised that point let me proceed to some further observations. My friend who sits behind me suggests that probably it was twenty cents a day.

Mr. DUNNING: Are you sure it was as much as that?

Mr. WOODSWORTH: Let me go on to quote from the article by Sir Frederick Banting. I think it is rather enthusiastic, but I give it for what it is worth:

> The life and activities of their great commercial and industrial men do not greatly differ from the life and activities of industrial men in our country—nor does the financial man—banker and organizer of industry differ so much from those that perform this service in other countries. There are privileges and luxuries that our financial leaders buy. In the Soviet Union these privileges and luxuries are given to him by the people. They honour service. Honour, appreciation and trust of comrades spur and inspire men to plan and work for the common good of all. Man cannot exploit his fellowman. There is no unemployment in the Soviet Union. Conditions are improving very rapidly. Everyone is tremendously enthusiastic. The health of all is cared for by the state. All people have the opportunity to rise as high as their talent and industry will permit in whatever field of endeavour they may select. Every persons's future is invested in the state. The state in turn provides for the education of children and an old age pension. This sense of security brings happiness and peace of mind and permits true culture.
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> Pasteur, the great French scientist, said, "The future belongs to science and woe to the nations that close their eyes to this fact." The Soviet government is building a gigantic structure on the solid rock of science and research. For this reason there now remains not a vestige of doubt as to the future success of the Soviet Union.

I give that as an example of a nation which has deliberately planned its life and has used the resources at its command to minister to the needs of the nation. I am not sure how they have financed. Their banking system is rather complicated. But they have controlled their own credit and have had natural resources at their disposal.

In this connection I should like to quote a statement by Stuart Chase in the January issue of Common Sense. Speaking of developments in Russia he said:

> Occasionally, I answer them by telling them about Russia in 1927. In that year, I spent some time in the offices of the Gosplan in Moscow, watching a thousand technicians prepare the charts and figures for the first five-year plan. It was proposed to invest the equivalent of thirty billion dollars in new capital improvements—dams, transmission lines, railways, factories, apartment houses, oil wells, schools, coal mines, steel plants. Having a "sound" business training back of me, I was perplexed and a little sceptical. Russia was a poor country. She had no capital, no borrowing power, not a nickel of credit. "Where are you going to get the money?" I asked. Ossinski, one of the best statisticians alive, regarded me with pity. "You should learn, my friend, to look under the veil of money at the real world. Wait and see." Five years later, in 1933, behold the dams, the transmission lines, the factories, the apartment houses, standing solidly—thirty billions worth, as planned. No money, no credit, no confidence, no profit, no "incentive"—yet there they were.
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> How can you explain that, Mr. Businessman? Your oracles and taboos do not permit of any such performance. But three superior forces do permit it, namely:

Human labour,
Natural resources, including inanimate energy,
Technical skill.

Russia had the labour and the resources; she managed to import technical skill to add to her own not inconsiderable stock. The three cardinal factors for the creation of wealth were present. The power dams and factories rose. About them she threw a film of rubles, created as the tangible wealth was gradually created. The rubles only shadowed what the real agents were producing. Wealth came first and money came second. For new public industries in the United States, we have the unused labour of the unemployed, materials in abundance, and a plethora of technical skill. If they can be linked up, a huge amount of new wealth is ours for the taking.

To a certain extent I think I agree with the analysis offered by my social credit friends, and with the phrase which they are so fond of using, that what is physically possible is financially possible. I believe that is sound reasoning. However I cannot agree with their theory as to how this is to be done. Fundamentally, what is physically possible is financially possible. We can do it, if we really set our minds to it. In this article Stuart Chase states:

The first question which comes to mind is how new industries have been monetized in the past. In the last century, scores of industries made their appearance, and slid into the financial picture—railroads, bicycles, motor cars, bath tubs, radios, aeroplanes. Where did they get the money? Most business men can tell you only that they borrowed it from banks or investors.

Then he goes on to say that we can finance, just as banks have financed in the past. He states, however, that there have to be some new rules in the game. He suggests three: first, the use of income tax on the higher brackets as a prime method for financing public business. As I have said before, as long as there is wealth in this country, as long as there are people drawing large incomes from the wealth of this country, there is no reason why any single unemployed man should suffer. I would call that to the attention of the minister and if he means, as I think he does, that human needs must come first, then the welfare of these unemployed men must be looked after, even though it may mean very heavy taxation on those whose incomes come within the higher brackets. The second rule that Mr. Chase suggests is the use of non-interest bearing revolving funds of publicly created credit for additional financing of public works. Why not? If the banks can extend credit for profit, the nation surely ought to be in a position to do this in order to meet real human needs. Further this housing scheme might very readily become self-liquidating. Why should we not use national credit for such a purpose?

And thirdly Mr. Chase suggests the socialization of money and credit to prevent sabotage by private bankers, and to keep compound interest in its place. There is no doubt, Mr. Speaker, that this large group to my left is an indication that the people are insisting that something should be done to meet the real needs of the people. It may be that we cannot meet these needs in the way that the social crediters advocate. Personally I cannot follow their arguments, but nevertheless I think the principle that they hold, and that we in this part of the house hold, that the needs of the people are paramount, is fundamentally true. I take it that the government now have to decide whether they will place financial interests, the service of the debt and so on, in first place, or whether they will place first adequate provision for the needs of the people. I am glad that we have been permitted to have this discussion so early in the session. As the hon. member for Portage la Prairie (Mr. Leader) has stated, the plans of the government are in a formative stage, and we offer these suggestions to them in the hope that they may see fit to take advantage of the opportunity which the people of this country have accorded them.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I have listened with a great deal of interest to the speeches that have been made relative to the resolution before us. Before speaking to the resolution I should like to refer to one or two remarks that have been made in previous speeches which we have been privileged to hear.

The hon. member for Cochrane (Mr. Bradette) has suggested that the hon. member for North Winnipeg (Mr. Heaps) is being influenced somewhat by the environment in which he finds himself, but he was not satisfied to leave the matter at that. He went further and suggested that we in this corner of the house were elected upon promises that never, never would be fulfilled.

Mr. BRADETTE: I certainly said that.

Mr. HANSELL: I am glad, Mr. Speaker, to hear the hon. gentleman confirm my understanding of his remarks, but I challenge him to state a single, solitary promise that this group in this corner of the house ever made in order to be elected. I was hoping that I might hear from the hon. gentleman, but apparently he prefers to remain silent.

Mr. BRADETTE: As the question has been put to me, I may say that the party to which

hon. gentlemen in that part of the house belong has, as I understand the situation, made a definite promise of at least $25 per month to every man and woman in the province of Alberta.

Some hon. MEMBERS: No.

Mr. BRADETTE: Will the hon. gentleman who interrupted deny that?

Mr. HANSELL: Is the hon. gentleman thinking of some other group?

Mr. BRADETTE: There are two groups of social crediters? Then what group is that over there?

Mr. HANSELL: I will attempt to answer the question if the hon. gentleman will please tell me what he thinks twenty-five dollars means.

Mr. BRADETTE: I know what it means because I have none too many of them, and I have never promised to distribute any myself.

Mr. HANSELL: I think the hon. gentleman is evading the question. If the hon. gentleman thinks any man in Alberta ever promised to hand out twenty-five dollars in new, crisp greenbacks once a month, he is wrong, but if he does not understand the matter correctly I am sure that if he comes over to this side of the house some time or another we shall be able to instruct him more fully.

Mr. BRADETTE: Thanks very much. I should like to get twenty-five dollars, too.

Mr. HANSELL: The resolution, as I look at it, resolves itself into a suggested remedy to take people off the dole and put them back into remunerative employment. The plan for housing, building, reconstruction, renovation, slum clearance, land settlement, reforestation and so forth, is only incidental. Therefore it behooves us to deal for a few moments with the unemployment situation.

In much of the discussion to-day we have heard about slum districts and crowded areas, and about sickness and disease. These conditions are more or less confined to the cities, and throughout the discussion the western farmer has more or less been left out of the picture. The hon. member for Vegreville (Mr. Hayhurst), however, has spoken along that line. I am wondering whether the western farmer who lives with his wife and children in perhaps a one-room shack, or in one of two or three rooms, should not have some consideration in a scheme of this sort.

There is one question I should like to ask in connection with the entire discussion, and perhaps it might be called the proverbial question: Where is all the money coming from?

The hon. member for Broadview (Mr. Church) in the second part of his resolution suggests that the money might be borrowed on a lower rate structure. I would like to point out that the entire discussion which has ensued upon this resolution has revolved about the present financial system. The logic of all the speeches has been an attempt to run our twentieth century civilization within an eighteenth century financial structure.

The Minister of Labour (Mr. Rogers) has made the statement that for five years we have been trying to deal with the unemployment emergency. That is just the trouble; we have been dealing with unemployment as an emergency problem. We have not regarded the unemployment situation as being the result of some fundamental principle that is in error. Perhaps it might startle some hon. members if I were to suggest that we are not in a business depression. I might suggest that we are in a stoppage or short-circuiting of our laws of progress. I think all will agree that in no matter what field of science we delve there are certain laws of harmony to be found which must work one with the other. Take astronomical science and let us imagine for a moment that the stars in the heavens would say, "Well, boys, we have been going along at this rate for a good many millions of years; let us stop or turn round and go the other way." Something in the nature of a catastrophe would happen, and the same thing is true of mechanical science, physical science or any other branch of science. Yet it seems to me that we have overlooked this fact with regard to the science, if I may put it in that way, or the laws of progress. The age has progressed to a point where we need a new economic system that will care adequately for this very highly progressive and productive age. We are attempting to straddle with one foot in an ox cart and the other in an aeroplane. I should like to read a short quotation from a paper entitled To-day and To-morrow, published in Edmonton. In the issue of January 13, the editor says in part:

> Public, or non-productive works, involving borrowing, will provide wages, but those wages must be taken by taxation from those engaged in productive work. This is a method of sharing the poverty of the people, and does not divide up, share, or make available, the machine-made abundance. There is, obviously, only one way out of the difficulty.
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> If we decide to keep the machines, then we must set up a method of giving people the wages of the machines which do their work. Incomes must be based on wealth produced and not on human labour performed.

I should like to refer a little later to the remarks of the Prime Minister (Mr. Mackenzie King) with which I heartily agree. I admire his splendid spirit in making those remarks. I should like to quote from a little book entitled From Debt to Prosperity, by J. Crate Larkin. Speaking of the present world crisis the author says:

> Of the present world crisis Major Douglas has written, "the break-down of the present financial and social system is certain." A comparatively short period will probably serve to decide whether we are to master the mighty economic and social machine that we have created, or whether it is to master us;

I want to emphasize the next few words. I continue:

> —and during that period a small impetus from a body of men who know what to do and how to do it, may make the difference between yet one more retreat into the dark ages, or the emergence into the full light of a day of such splendor as we can at present only envisage dimly.

On his return to England after visiting Canada last July, Major Douglas spoke at a banquet given in his honour on his return. The Calgary Herald of July 20 contains the following article:

> Calling for a big electoral compaign in the United Kingdom to break the bankers' monopoly of credit, Major C. H. Douglas at a banquet given in his honour on his return from Canada declared the world was facing an economic crisis of such magnitude that the next five years would fix the future of this planet for hundreds of years to come.
>
> "Either the outcome must be the beginning of a virtual new epoch of economic freedom," he said, "or else there will be catastrophe and loss of all the freedoms and privileges on which the British empire has hitherto prided itself."

I wonder whether in the phrase in my first quotation, "During that period a small impetus from a body of men who know what to do and how to do it," I cannot see the little body of men who sit around me. Speaking to this resolution, the Prime Minister said that he desired cooperation and constructive criticism; that he was willing to accept any light upon any given subject that would enable the present administration to manage affairs in the interests of the people. I wish to say that hon. members sitting in this corner admire that spirit. I ask hon. members: How many of you have constructive criticisms to make? How many of you have suggestions of help instead of hindrance, suggestions of construction instead of destruction to make? We in this corner of the house desire to help by suggestions which may enlighten matters a little. We desire to help the present administration to solve the problems that confront us in this parliament.

I suggest that three things are absolutely necessary: first, we must have an absolute and correct diagnosis of the disease. While we are not debating the speech from the throne, perhaps I may refer to it for a moment. I suggest that there was nothing in it to indicate the exact disease. In thinking over the speeches which have been made to-day, I doubt whether they would indicate to us the disease. The first thing necessary for the present administration to do is to diagnose and arrive at the proper disease. The next thing necessary is to discover the remedy to be applied. I have heard several statements made to-day, and in other days, concerning action. We are told that we need action; that we want action, but what we want is the proper kind of action. Third, we need a correct application of the proper remedy. We in this corner desire to contribute to the discovery of the disease, to the suggestion of a proper remedy and to throwing some light upon the proper application of the remedy. We do not desire to see any administration fail. We have no political axe to grind and we trust that the present administration will prove valuable to the country and that within a very few years this country may be taken out of the position in which it stands to-day, on the brink of chaos, to a place of economic, commercial and industrial security.

Mr. VIEN: The government has been criticized because it has not outlined all the remedies for the situation that is complained of. Is my hon. friend ready to give us his proper diagnosis, the proper remedy and the proper application thereof?

Mr. HANSELL: I understand there are several other speakers who would like to take part in the debate. While I wish to be most courteous I would suggest that as parliament pursues its duties this session many matters will come up in their turn, and I believe we shall be able to contribute to a very large extent in our endeavour to find that remedy as the days go by. I do not wish at this late hour to engage in any particular economic discussion. I believe we in this corner know the remedy; we have diagnosed the disease and we know something of the way in which to apply that remedy. At the proper time that will be revealed.

Mr. VIEN: Will my hon. friend allow me to suggest that if complaint can be made against the government for not having taken action earlier, it would be constructive

criticism if he would give us that diagnosis and that proper remedy which he tells us now is in his possession.

Mr. HANSELL: I am not suggesting that the government have erred in any way so far. I believe we must give them time; certainly we cannot expect them to divulge all their plans in one short week.

Mr. VIEN: But if you have a specific remedy ready, why not give it to us now?

Mr. HANSELL: This corner of the house is not on the spot; it is those on the other side who are running the country.

Mr. VIEN: We invited you to help us. You have criticized us for not having taken action earlier—

Mr. DEPUTY SPEAKER: Order; the hon. member for Macleod (Mr. Hansell) has the floor.

Mr. HANSELL: I am sorry if my remarks have been incorrectly interpreted. We do not desire to criticize destructively but to offer constructive criticism. And now, Mr. Speaker, I will close. By profession I am a clergyman, one of only three, I believe, in the present parliament. Now, as a clergyman, I marry people to make them happy; as a clergyman, I bury people when they are dead. A few months ago we witnessed, I think I can say, the pre-nuptials in the glorious election; I believe last week we perhaps arrived at the place where we witnessed the marriage ceremony, and hon. members opposite have begun to sail the seas of political matrimony in perfect harmony. How they do love one another! I offer them my sincere wishes, as I offer many young couples health, happiness and prosperity and, of course, the proverbial "May all your troubles be little ones." We desire to contribute something to their happiness and welfare; but I do trust—and I am saying this in all seriousness—that in the next five years I shall not have to suffer the embarrassment of having to take part in the funeral service.

Hon. CHARLES A. DUNNING (Minister of Finance): I shall detain the house but a few moments. I wish to congratulate my old friend the hon. member for Broadview (Mr. Church) upon retaining his old time ability to draft an omnibus resolution which would permit the house to discuss almost anything under the sun, also upon his manner of presenting his resolution and upon the general tone and temper of the debate. The hon. member for Davenport (Mr. MacNicol) contributed constructively; but naturally, occupying a seat on this side of the house, I listened with great pride to the hon. member for Trinity (Mr. Plaxton), in his maiden speech. The house gave him the usual respectful hearing accorded a first effort, and I feel sure that everyone, regardless of which side of the house he sat on, was pleased, that the hon. gentleman acquitted himself so well. May I also say that in my opinion, as the Hansard of this house of to-day is read in future years, it will be generally conceded that the Minister of Labour (Mr. Rogers) in his maiden speech made a notable contribution indeed. In fact, the debate as a whole has been on a very high level, if one excepts the somewhat partisan remarks of the hon. member for North Winnipeg (Mr. Heaps). There is evident in the house a sincere desire on the part of all members to contribute something constructive toward the solution of problems, the existence of which we all recognize, and in connection with which we all assume our due responsibility for offering something, during the period of our presence here, to bring about improvement.

I only desire to say one or two words by way of information with respect to last session's housing act which has been discussed by several speakers. The hon. member for North Winnipeg was rather reproachful of the previous government and of this one as well, because greater progress had not been made. He spoke very disparagingly of the fact that less than a million dollars has yet been advanced out of the ten millions appropriated by parliament for this purpose. Of course, the less than a million advanced does involve five times that amount of construction. One should bear that in mind, and it is well also to bear in mind that while the legislation was passed in July of last year, we were already entering upon a general election. The legislation depended for its successful operation upon acceptance, by a variety of interests, of various responsibilities under the terms of the law.

Business interests generally are not inclined to assume new obligations just created by an expiring parliament. There was very definitely a waiting tendency on the part both of those who were expected to supply part of the funds, and of the construction industry generally in relation to the dominion housing act. The present government found that condition on coming into office, but it has decided that the housing act now on the statute books is worth a fair trial. No one in the house would claim perfection for it. I am sure the sponsors of it would not. We certainly do not regard it as perfect, but we do

believe that the experience which the government and the house and the country generally may gain by operating it in its present terms will give us the surest possible lead as to the manner in which it may be improved and made more effective. The number of applications coming in is steadily increasing. The number of loaning institutions, life insurance companies and the like, who are taking advantage of its provisions, signing the agreements provided for in the law, is increasing. Some companies are even advertising for business under the terms of the act.

Someone mentioned the desirability of widening the terms of the law in order to create machinery whereby renovation and repair of existing properties might be made possible. Whatever merit there may be in such an idea, it is very doubtful if the machinery of the dominion housing act is the best means of effecting that end. We are watching very carefully the experience in the United States with respect to legislation of this character, that is legislation having to do with the repair and renovation of existing properties and also with respect to slum clearance. In the discussion last year it became quite apparent that no one expected the present housing act to effect what is described as slum clearance. That is a far greater and wider problem than the provision of new moderate priced houses.

As to the other subjects discussed, reforestation and the like, I can only repeat what I said a day or two ago with respect to the supplementary estimates, that each department of the government and each minister are now studying with the utmost care the possibility of providing productive public works expenditures. Perhaps I should not have used the term "public works." What I mean is expenditures to create employment which will be productive and self-sustaining rather than expenditures of such a type as to create further expenditure. To illustrate: We would like, if we could, to get away as far as possible —we cannot get away from it altogether—from building that class of building which, while adding to a certain public facility, let us say a post office, does not increase the revenues of that facility one iota but does operate to increase the expense of operation. When you build a fine new post office in a small community, that is merely the commencement of the expense in connection with it, because for ever after you must keep it up; you must clean it; you must provide caretakers with salaries and so forth to look after it. That is an illustration of what I call relatively unproductive public expenditures, and I know those who have served in previous governments will agree with me that it is rather difficult to provide a sufficiency of the other type of public expenditure. That question is engaging the attention of all the members of the government at the present time, and I think it is a little early in the session for the hon. member for North Winnipeg to reproach us so bitterly because we have not now, within two days of the conclusion of the debate on the address, brought down a full-fledged program to solve all the problems to which he referred.

We know the country is expecting much of this parliament; it has a right to. We will attempt to discharge our responsibilities. And we appreciate the manner in which hon. members generally have discussed the resolution now before the house. Probably the purpose of the resolution has been served by the discussion which has taken place. Perhaps my hon. friend who moved it will not agree with me, but to my mind the great advantage of these private members' resolutions is that the government is given an opportunity to learn publicly the constructive ideas brought here by every member of the house, no matter from what part of the country he may come or to what particular party he may belong. That is a great advantage. As to whether it is desirable to have a vote, of course that is in the hands of the mover of the resolution.

Mr. CHURCH: I wish to exercise my right to close the debate. I shall only take a minute.

Mr. SPEAKER: I should like to draw to the attention of the house that if any hon. member wishes to participate he should do so now, because after the hon. member for Broadview (Mr. Church) has spoken, the debate will be closed.

Mr. FAIR: I should like to ask the Minister of Labour how many cents of each dollar spent on relief are used as overhead.

Mr. ROGERS: If the question would be put on the order paper I should be very glad to see if the information could be secured for my hon. friend.

Mr. CHURCH: In the eleven years I have been in the house I have never before exercised this privilege of closing the debate, and I shall be only a few minutes. But I am dissatisfied and disappointed to-night at the reply offered in the name of Liberalism by the Minister of Labour (Mr. Rogers). Let me tell him that ten years ago, long before he came to the house, I presented a resolution here for an employment commission after the fashion of Senator Couzen's

inquiry into unemployment on behalf of the United States senate. Down there they get the senate to pass things: they do not take three weeks' holiday, doing everything by fits and starts. I may tell my hon. friend that his government voted us down when we asked them three or four sessions running what they would do for unemployment. Mr. Heenan was a real working man, and I believe a minister of labour ought to be a real working man. Working men sit in the British parliament, but it seems to me that as Liberal ministers in this country we have professors and chemists and doctors and last, but not least, judges. If any of these four classes of citizens start investigating anything, it is good-by and good-night, and it is put into cold storage at once. As to the Minister of Finance (Mr. Dunning), I have every regard for him. I will accept his suggestion and withdraw the motion, though I would rather have it lost on division. There will be another chance another day, but I can tell the Minister of Labour that his announcement in the house will disappoint not only labour throughout Canada but the municipalities who have such a hard time to meet their taxes.

This parliament created a day known as Labour day for the protection of labour. Allow me to say to the Minister of Finance that it is all right to put money in the estimates to protect farmers and fishermen, to protect coal and iron and steel, but have we no right to ask for a measure of protection in the two central provinces where forty-seven per cent of the people of this country have been engaged in industry, and where the homes of so many have been sold? The reply we have had from the young professor from Queen's university might be all right for a mock parliament or an intercollegiate debate, but it is hardly fitting to be addressed to the high court of parliament. As I said before, I admire the nature of the real Liberalism which inspired the miners of Cornwall to march to London town on behalf of Trelawney, in protest against the tyranny of King James II. I admire the spirit of the freeholders of Buckingham in supporting Hampden against the tyranny of Charles Stuart. But I am not in love with the academic Liberalism of the young Minister of Labour's reply. As I said, it may be all right for a mock parliament, but as addressed to parliament and to the workers of this country I think it is an absurdity. The minister says further that his commission, when it is appointed, will be appointed to coordinate measures to handle unemployment. Who will handle unemployment? Probably a professor of economics. The unemployed will all be dead before they get through with the young minister's program.

[Mr. Church.]

The minister says that he is not in favour of public works. Funds voted for public works may have been misspent in the United States, but in England this scheme has been a unique success, so much so that England has come out of the depression much better than any other country in the world. The minister is against any scheme of public works; he is in favour of allowing private and corporate business to expand employment. Let me ask this young minister if he is aware of what the oil ring are doing now, working their employees sixty-three hours a week as a result of the references to the supreme court. These sweatshops are doing a land office business now. They were shown up by the price spreads inquiry, that did something for the working classes of this country. For the last two or three weeks the oil ring have been working their employees sixty-three hours a week, and nine hours on Sunday. Where is the sweat shop and the alien labour laws? I am going to find out whether or not this department is functioning, because we want some measure of protection for the industrial workers of Canada. They are not going to be fooled any longer. We are not going to have some measure of protection for some classes in the community and no protection for others. I am for protection first, last and all the time for all the people of the dominion so that we may have a happy, contented country.

The minister has said that he does not want government finance to retard the expansion of private enterprises. Did you ever hear such nonsense in your life? We had a housing commission which sat for three months, long before the minister was ever a member of this chamber. That commission found that the government should help workingmen build their homes, and I believe that plan will be carried on long after the minister and all the rest of us have passed on. I gave the reason this afternoon, from government reports in England, which may be seen in Hansard to-morrow.

I am very much disappointed, Mr. Speaker, that all these matters have been referred to the law courts. Under the Liberal party we had first of all ambassador cure for unemployment; now we have the professor cure; again we are going to have the under secretary cure and last but not least the commission cure. Then there was this reference to the Supreme Court of Canada, judges who know nothing about employment, unemployment or economic matters. Half the trouble we have in this country is due to these economists. Political economy is not an exact science like physics, chemistry or biology. These

scientists can argue from facts, but our professors and political economists cannot do that. They give their opinions, and they are not worth a scrap of paper, neither is the opinion of the minister with regard to unemployment worth a scrap of paper. Let me tell you, Mr. Minister, that when your commission takes a Cook's tour of Canada and sees conditions in this country, it will open its eyes. If you just go round the city of Toronto or the other industrial cities in this country and see the workingmen losing their homes because of the inefficiency of the Department of Labour you will have something to think about.

This is not the first time I have had something to say about this department. I do not wish to criticize the young minister; he is a young gentleman of great ability, who is very well liked, but I was very much disappointed in listening to a minister of the crown from his place in parliament give an answer such as he gave. If that is all the unemployed have to expect from the present government, unemployment is going to increase by leaps and bounds and you will see a great exodus of our young people. If that is all, these young people, these high school and university students, who are out of work, have to expect, there is not very much for them in this country. Why is parliament called to meet anyway? Are we a lot of office boys or rubber stamps called here to receive an academic reply like that one we heard to-night? I am sorry the industrial worker is not better supported in the house. I intend to ask leave to withdraw this resolution, but I shall do so with great reluctance; I would rather see it lost on division. However, this is only the preliminary hearing at this stage; we shall have a real trial of this case later on.

I hope we will have a proper Liberalism in this country along the lines I have suggested. The Minister of Labour in the previous Liberal government, the Hon. Peter Heenan, was a real workingman who was respected by the working people, but Mr. Heenan told me in the house that there was no unemployment, and that if there was it was a matter for the provinces and municipalities. At that time the government declined to contribute one-third of the cost of relief. They refused the application of the city of Toronto, which I presented in parliament some eight or ten years ago, but later on the government was forced to contribute. When the new government came in it gave fifty per cent of the cost, and I want to commend the new government upon giving seventy-five per cent. I hope before long the Minister of Finance (Mr. Dunning) will be able to go the whole distance and give one hundred per cent.

I have represented an industrial city in many spheres of activity. I have seen the suffering there; I have visited homes in which four generations of families have been out of work. That is an intolerable condition, and something should be done. Unemployment is the great scourge of the human race and it is going to engulf society unless something is done. Things have been going from bad to worse and the unemployed are getting disgusted with the whole performance. Something should be done for Montreal, Winnipeg, Vancouver and the larger cities of this country, which are suffering so severely from unemployment. Every municipality I have named, from Vancouver to Halifax—and I saw his worship the mayor of Vancouver here a moment ago—has had to put into relief work most of the money raised by taxes. They have not had a dollar to spend on necessary public improvements. This afternoon I referred to the fact that in England they are constructing all the necessary improvements for the next forty years in order to tide people over the depression, and that is going to help the farmers as well.

I hope there will be some reconsideration of this problem between now and the time the estimates come up. The other day the government announced that $25,000,000 would be devoted to reconstruction. The highly industrialized provinces of Ontario and Quebec are paying eighty per cent of the cash taxes of this country, but the industrial workers are getting no protection at all. We have had a commission on maritime rights, a commission on Pacific coast rights and a commission on prairie rights. I tell you the time is coming when we shall have to ask for a commission on the rights of central Canada.

So with great reluctance, Mr. Speaker, I ask leave to withdraw this resolution. I would rather see it lost on division. It should be lost on division; the government is straight against it. What is the minister going to do about these shark loan companies, incorporated by parliament, which are charging forty per cent on second mortgages in the city of Toronto? What is he going to do about these trust companies, these insurance companies, and so on? I would ask that he use his good offices to see what can be done in that regard. I do not know whether or not they contribute to campaign funds, but they have a way of doing business around parliament. We all saw something

of that in the days of Beauharnois; I know they drove me out of parliament. I would ask the Minister of Finance, also, if he will not use his good offices to stop these foreclosures and give the industrial workers a chance to protect their homes, as the farmers and fishermen have been given chances to protect theirs. With that, Mr. Speaker, I ask your leave to withdraw this resolution.

Motion withdrawn.

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

Tuesday, February 18, 1936

The house met at three o'clock.

WHEAT POOL

EQUALIZATION OF 1930 PAYMENTS ON WHEAT

On the orders of the day:

Mr. J. G. ROSS (Moose Jaw): Mr. Speaker, I would like to ask the government if the report of the auditors made necessary by the order in council of October 10 last, dealing with the equalization of the 1930 wheat pool payments on wheat, has been referred to the government, and if so, what action is the government taking.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Some days ago my hon. friend told me that it was his intention to ask the question which he has just asked, and I requested him to delay until the government had had further opportunity to consider carefully its policy in this matter. I am now in position to give him an answer. The auditors' report has been referred to the government. It is the opinion of the government that the report of the auditors does not justify the government in making payment under the authority of the order in council passed on October 10, 1935. The government is of the opinion, however, that in view of the policies followed under the previous government in handling the 1930 wheat pool surplus, the producers of wheat who accepted an initial payment of fifty cents a bushel or fifty-five cents a bushel, basis No. 1 northern, Fort William, are justified in expecting those payments to be equalized at sixty cents a bushel, basis No. 1 northern, Fort William. It is, therefore, the intention of the government to have legislation introduced without delay to provide for the equalization of the 1930 pool payments on wheat at sixty cents a bushel basis No. 1 northern, Fort William.

[Mr. Church.]

VIMY PILGRIMAGE

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to direct a question to the Secretary of State (Mr. Rinfret). Has the government decided what leave of absence is to be granted to the returned men employed in the public service who wish to take advantage of the proposed pilgrimage to Vimy this year?

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, I desire to thank the hon. gentleman for giving me notice of his question. On January 10, 1936, an order in council was passed dealing with the granting of special leave with pay to ex-soldier civil servants and their immediate relatives who are eligible to take part in the Vimy and battlefields pilgrimage in 1936, and who desire to do so. The order in council provides that eleven days be added as special leave with pay to the three weeks usually allowed as statutory leave, such special leave not to be counted as a charge against the employee's special leave credit. The order in council further empowers the deputy heads of departments to grant such additional time as may be necessary for travelling to and from the point of embarkation. The point was raised as to whether this was intended to apply only to civil servants who are under the Civil Service Act. I may say the intention is that the order in council shall apply to all civil servants, whether they are under the Civil Service Act or not.

REGINA RIOTS

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to ask the Minister of Justice (Mr. Lapointe) if his attention has been drawn to the publicity given to and the inferences being drawn from a remark which he made in this house last Tuesday, as follows:

> I believe the evidence that is being given before the commission will rather be a justification of what the police did, and will rather clarify certain issues which were perhaps dangerous, as to which the people did not have the best information, the information they should have had.

In view of the inferences which have been drawn, I should like to ask the minister if he desires to amplify that statement in any particular.

Hon. ERNEST LAPOINTE (Minister of Justice): I have no such wish.

Mr. T. C. DOUGLAS (Weyburn): Does not the Minister of Justice (Mr. Lapointe) consider that the statement he made on Tuesday last, appearing on page 125 of Hansard, prejudices the entire relief inquiry?

Mr. SPEAKER: The hon. gentleman is out of order in putting such a question.

Mr. DOUGLAS: Mr. Speaker, I have no wish to transgress the rules of the house, and I should like to know in what respect I am out of order. I am asking the minister a question based on a statement he made to this house and which appears on page 125 of Hansard.

Mr. SPEAKER: The statement has been made and I do not think it is proper for the hon. member to criticize a speech. He should have made his criticism when the speech was made.

Mr. LAPOINTE: I have nothing to add or subtract from what I stated on that occasion. I am not responsible for the inferences.

TRACTOR PARTS PRICES

On the orders of the day:

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, I should like to ask a question of the Minister of National Revenue (Mr. Ilsley) based upon a circular letter which was sent out by the International Harvester Company to its dealers in my constituency. This letter is dated at Saskatoon, February 5, 1936, and reads:

Dealers: General letter No. 12. Repair prices for ball and roller bearings, bolts, nuts, washers, screws and rivets—

Mr. SPEAKER: I do not think the hon. gentleman should read the letter; he should put his question directly.

Mr. TUCKER: I must read the letter in order to make my question intelligible. It is a very short letter.

Mr. SPEAKER: I do not think the hon. gentleman has a right to read a letter. He should put his question directly as to what the government intends to do.

Mr. TUCKER: This letter indicates that effective immediately the prices of parts necessary for duty free farm tractors will be increased 33⅓ per cent. The letter states that this increase in price is made necessary on account of duty now being paid on these parts. Could the minister advise whether there has been any increase in the duty on parts necessary for duty free tractors? If there has not been any increase, will the government take some action in regard to this increase in the price of parts which are so important to the farmers of western Canada?

Hon. CHARLES A. DUNNING (Minister of Finance): I know of no increase in duties whatsoever. If my hon. friend would place his question upon the order paper I would have a better chance than I have at the moment of answering accurately the latter part of his question.

Mr. TUCKER: I spoke to the Minister of National Revenue about the matter, and I believe he is ready to answer my question.

Mr. SPEAKER: The hon. member should put his question on the order paper.

Hon. J. L. ILSLEY (Minister of National Revenue): There has been no increase in duty whatever since the new government assumed office. There is a duty imposed on the parts mentioned in the letter under other items in the tariff, but they have been in effect for several years past. If the letter is taken to mean that the increase in price is due to an increase in duty, the implication is not justified at all.

SUPPLY

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Health of animals, administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $1,900,400.

Mr. SENN: Mr. Chairman, I have thought sometimes that the manner in which these agriculture estimates are brought down is such that they do not convey as much information to the committee as they should convey if we are to have an intelligent discussion. Quite a large sum is involved in this item, and it would add very much to the conduct of debate if the minister would state briefly why these expenditures are to be made and what particular functions are performed by this branch of the department.

Hon. J. G. GARDINER (Minister of Agriculture): It will be noted that the estimates submitted for the year 1936-37 show a slight increase over those of 1935-36, the total esti-

mate being increased by $12,484. The different purposes for which this money is to be expended are:

Communication of services, $14,050.
Equipment, acquisition and maintenance, $11,000.
Compensation, largely having to do with the checking of tuberculosis in cattle throughout the country, $413,937.
Lands, buildings, acquisition and maintenance, $6,500.
Miscellaneous current expenses, $13,300.
Personal services in connection with staffs, $1,120,693.
Special personal services, $1,100.
Rents, $10,220.
Supplies, materials, printing, stationery, etc., $54,000.
Transportation of things, $6,600.
Transportation and travelling expenses of persons, $249,000.

Mr. BARBER: Is it the intention to bring any new areas under the tuberculosis test this year?

Mr. GARDINER: Yes. There is the new area in New Brunswick, which I think completes the bringing of that province into the district there. Then there is a new area in Ontario, taking in certain counties around Toronto, from the county of Northumberland through to the county of Halton. There are three new areas in Manitoba, and there are under consideration one or two others that have not yet been passed upon.

Mr. COLDWELL: In view of the serious epidemic which occurred among horses in western Canada at the end of August and in September this year, has any additional provision been made in this particular estimate to deal with that matter?

Mr. GARDINER: It is the opinion of the department that that was a disease which was due partly to conditions on both sides of the international boundary—that is, the drought conditions that have prevailed for a number of years. We do not expect that there will be any new outbreak this year and therefore there is no provision for it. Of course, that is something that would have to be dealt with at the time if it developed.

Mr. THOMPSON: What is the policy of the government regarding the checking of tuberculosis in dairy herds throughout the country? That is a vital question to which more attention should be paid. A closer check should be kept on dairy herds, because I believe a great deal of milk offered for sale to-day comes from diseased herds.

Mr. GARDINER: There are three different schemes for checking tuberculosis generally. There is the accredited herd system; there is the restricted area policy in which all cattle are checked over the whole area; and there is the supervised herd plan. In connection with the first two the government pays compensation for stock destroyed, but it does not in connection with the third. All these plans are applied in the attempt to eradicate tuberculosis from dairy and other herds throughout the country.

Mr. BARBER: I have in mind particularly the anti-tuberculosis area in the Fraser valley district. What percentage of reactors was there in the last test, or is that district cleaned up completely?

Mr. GARDINER: I do not know that it can be said that any district has been entirely cleaned up, but the trouble has been reduced to such an extent in some districts that the reactors are only one-half of one per cent of the cattle tested, which shows that there has been a marked diminution in the disease in the different districts. The reduction sometimes has been from five per cent to one-half of one per cent, and in other instances from an even higher percentage. There has been a considerable reduction as a result of the policy.

Mr. THOMPSON: Is it the policy of the government to extend the testing system further than it has been carried in the past? In my opinion it has not covered the ground as it should.

Mr. GARDINER: My information is that the maritime provinces, Prince Edward Island, Nova Scotia and New Brunswick, are now restricted areas; that is, they have been set out as an area in which an attempt is being made to eradicate tuberculosis. The government is extending areas in other provinces as rapidly as the funds available will make this possible. The efforts of the department are limited only by the amount of money which this house sees fit to vote from time to time to take care of that matter.

Mr. SENN: Is the amount to be voted for indemnity for cattle in connection with the tuberculosis test more or less than it was last year?

Mr. GARDINER: The total amount is $6,063 less than it was last year.

Mr. SENN: In my district a disease, not new but one that has become prevalent within the last two or three years, needs looking into. It is known as shipping fever, the

technical name being hemorrhagic septicaemia. It is a very infectious disease and has resulted in a good many fatalities among herds that have been infected. Has any notice been taken of it by the department? If so, what is being done to eliminate it?

Mr. GARDINER: The department is not touching it. It is an infection that is widespread throughout the country and one that is somewhat difficult to deal with, but the department is not dealing with it at the moment.

Mr. SENN: Is the bacteriological department taking no steps at all to investigate the matter?

Mr. GARDINER: The information of the department is that the disease is due usually to bad handling of stock and to poor feeding. It is a disease that is likely to develop in connection with the shipment of cattle, and likely to develop anywhere. Investigations have been made, and it is generally considered to be caused by bad handling and poor feeding, and of course that cause can be removed only by more education among the people in connection with feeding and shipping conditions.

Mr. SENN: A good many of the cases that have come under my notice have been contracted while cattle were being shipped on railway cars. Even at the Toronto exhibition cattle have been infected with the disease, with serious consequences. If the department have not taken any steps towards investigating the matter I advise that they do so, because I believe the disease is spreading, and it is very serious, in some districts at least.

Mr. GARDINER: I shall be very pleased to take the matter up with the department.

Mr. COLDWELL: With respect to the question I raised a few moments ago, the minister said it was considered in the United States and Canada that this was a drought disease among horses.

Mr. GARDINER: Not exactly a drought disease, but one that develops as a result of conditions of hardship that prevail in the area.

Mr. COLDWELL: I was just going to ask the minister if he is aware of the fact that this disease was quite prevalent in the districts around Rosetown where drought had not been particularly severe, and what steps were being taken to study it. I think it is something that should be watched very carefully by the department.

Mr. GARDINER: I would only say in reply that it just depends upon how large an area the member for Rosetown-Biggar would take in around Rosetown. He says there have been no drought conditions around Rosetown. My information is that the drought conditions extended north, south, east and west of Rosetown, and of course you would have the development of any disease that resulted from that in areas which were comparatively small, where they might have fairly good crops. Right around Rosetown it is fairly true that in some years, when we have had drought elsewhere, the crop has been comparatively good, but parts of that district have been very much affected.

Mr. COLDWELL: I said "not particularly" affected. Does the minister or the department consider that this is an infectious or contagious disease?

Mr. GARDINER: The department is inclined to think that it is not contagious, but it is not in a position to state definitely. The disease has not been confirmed by those who have been investigating.

Mr. THOMPSON: Is it the policy of the government to test dairy herds upon application of the farmers, irrespective of the number of pure bred animals that may be in that herd?

Mr. GARDINER: The supervised herd plan takes any number at all, but the accredited herd plan requires that five of the live stock be pure bred.

Mr. THOMPSON: I think that, in checking up on disease, to limit them to five pure bred cattle is a mistake. There are many splendid grade herds in the country, and it is just as important that the milk coming from a grade herd should be pure as that coming from a pure bred herd.

Mr. DOUGLAS: What provision is made to protect consumers against disease in cattle that have been butchered? Oftentimes they are butchered outside and peddled in the town. I know of cases where that has been done, with very serious consequences.

Mr. GARDINER: That is handled under public health in the different provinces.

Mr. BRADETTE: Will the minister find it possible to establish a tubercular zone over the Porcupine and Cochrane area—most of the northern area? This is very important on account of the amount of milk that is being used in that section.

Mr. GARDINER: In order to have that done it will be necessary in the first place for two-thirds of the cattle men in that area to petition the government to make that an area.

Mr. BRADETTE: They have done that.

Mr. GARDINER: And after that is done the matter is investigated by the department, and if sufficient funds are available other areas are added as we think it is necessary to add them. At the moment I think that what are already in will require practically all the money that is being voted in this fund. I am informed by the officials of the department that there is no petition in from that area.

Mr. BRADETTE: It is very important that this should be done. The minister will readily understand what it means. In a section of the country where the farmers are really established farmers they get compensation for their losses; but in most cases around the mining areas they are beginners, and when this disease occurs they do not get any compensation whatever: it is a dead loss to those settlers. Their plight is a very different one from what you will find in the older settled sections of Ontario, Quebec and other provinces. The minister will understand that it is impossible to bring raw milk in from outside, from Toronto for instance. We have to produce milk around these mining sections, and the minister will appreciate the plight of these poor settlers when the whole of their cattle have to be destroyed.

Mr. STEVENS: Have any steps yet been taken to give effect to recommendations made in the report of the price spreads and mass buying commission in connection with the administration of the Meat and Canned Foods Act? It will be recalled it was discovered that certain abuses existed, not only abuses but perhaps inadequate standards and provisions for containers. I am referring now particularly to canned goods, although reference is made also to other classes of goods. On page 241 of the report, dealing with this question of grading and so on, I find these words:

> Nowhere are simple numerical grades used for consumer products, and even in one of the best grading systems, that of canned foods, the grade names do not indicate in themselves the position of any one grade in the series. These designations are "fancy quality," "choice quality," "standard quality" and "second quality"; "second quality" being, in fact, fourth grade.

It goes on to say, elaborating that a little further:

> It is recommended that all grade designations be numerical, as grade 1, grade 2, etc. Should this prove impossible for some products, alphabetical grades might be used, as with eggs for export trade.

[Mr. Bradette.]

Referring to the question of grading canned goods, it has been noticed, and I think commented upon quite widely by those who are interested, that the use of those terms, "fancy," "choice," and so forth, is really meaningless, that there ought to be a standard; and I believe in the department the officers or the inspectors have certain standards. I am not for a moment complaining about those standards, nor am I criticizing the department in respect of its examination of the goods. What I am calling attention to is what we discovered on that occasion, and as I say it has been widely commented upon, that the consumer may be very easily grossly misled. Furthermore it constitutes an unfair competition between different manufacturers. A given manufacturer may have an article which he describes as "choice," "fancy," or something else. What is required in the interests of the consumer is that in canned fruits, canned peaches if you like, or strawberries, there shall be a standard No. 1, No. 2, No. 3 or No. 4 grade, as the case may be, and that these numerical descriptions be set forth in clear, outstanding type which will indicate clearly to the consumer the standard that is being sold. I know perfectly well from my knowlege of the subject that often a secondary grade, known to the departmental officials as secondary, is described on the label in such a way that an ordinary purchaser could not possibly understand that he was buying a secondary grade, and he might really be, and in fact often is, deceived into thinking he is getting a really superior article. And inasmuch as there are different types of labels and descriptions by different firms the competition of price becomes the main competition while actually there may be a great deal of unfairness in connection with the quality.

On that point—and there are other points to which I shall refer later—I should like to ask the minister if any steps have been taken since last session, when the price spreads report was presented to this parliament, to carry out the suggestions contained in that report or to correct the present practice, which in my opinion, and I think in the opinion of many others, is more or less deceptive to the consumer.

Mr. GARDINER: Mr. Chairman, I am sure the hon. member will agree when I say that some of the matters he has brought forward and the question he has asked would have to be considered not only by the Department of Agriculture but also by the Department of Health. Most of the questions asked by my hon. friend really have to do with another vote so far as they concern agriculture; that is the vote having to do with canned goods.

Mr. STEVENS: I wish to place myself right; this vote refers to the Meat and Canned Foods Act.

Mr. GARDINER: Yes. Of course meat would naturally come under this item, but I think most of my hon. friend's questions had to do with canned vegetables and canned fruit. However, I do not object to giving him the information now; I am just directing attention to that fact. The only reply I can make is that the different branches of the Department of Agriculture, together with the Health department and others concerned, have been giving consideration to those recommendations, and an effort is being made to work out some better plan of grading and marking which will meet as far as possible the recommendations of the committee. Nothing definite has been done up to the moment, but the whole matter is under consideration.

Mr. STEVENS: There is another point to which I should like to direct attention; that is, the sizes of packages. I think this is one of the most flagrant abuses prevalent in the distribution trade to-day. Passing along the street—you can see it in Ottawa as you can see it everywhere else—I frequently see advertised in the windows, usually of a chain store, certain articles, canned meat, canned tomatoes or any article of common use, at a price that is startlingly low. It is very skilfully done; the inference is that this particular institution is able to sell canned tomatoes, we will say, at a price much below its competitors. Then passing along the street I have seen in another window, of a competing store—perhaps an independent merchant—a can of tomatoes that seems to be exactly the same size, but the price of which is two or three cents higher. Immediately the unsuspecting purchaser will note the question of price, and of course he is drawn to the first store. On examination of the cans, however, it will be found that one is half an inch shorter than the other. Half an inch is not readily discernible to the unpractised eye, but it means a difference of perhaps ten per cent, which of course means that in one can you get ten per cent less than in the other, and therefore the price, although it appears to be lower, may be just the same, possibly higher or perhaps very slightly lower.

Again this is a deceptive thing. My own view, frankly and candidly, is that it was designed to deceive, because it was introduced only a few years ago. Formerly there were standard sizes, although I do not know that there was a law or statute forcing merchants to sell only certain sizes. By common practice over the years, however, certain sizes were accepted and recognized. The old size for tomatoes was a two pound tin, if my memory serves me aright. Now you can buy tomatoes in a number of different sizes, and I am convinced that this is a flagrant abuse. I may say further that the evidence before the committee two years ago, and I think before the commission last year, indicated that some of these large and powerful distributing agencies or institutions were able to buy a certain standard article in a size slightly smaller than the size furnished to others, and this size container was prepared especially for them. Later I believe the same privilege was extended to others, but at first undoubtedly it gave the one institution that was successful in getting the special size a distinct advantage over its competitors. It was a deceptive thing; it was not fair competition, and the consumer obtained no advantage.

There is another form that it takes. What I have said applies particularly to canned goods, but let us consider bottled jam. I do not know whether samples are available now, but samples were available which demonstrated that a bottle of jam was put up in such shape and form that it appeared to contain actually more than it did. It was scientifically designed to deceive the eye, without doubt; in fact it was one of the triumphs of science, the optical illusion that was created by just looking at the jar. Yet the net contents of that jar were very much less than those of a jar used by a competitor.

The minister will please accept this assurance from me, that I am not directing these remarks in any sense as a criticism of his administration of the department; this is a question for parliament, but at the moment he is responsible for the administration of this part of the country's affairs. To my mind it is the duty of parliament to see to it that no such deception is allowed, that that practice is eliminated. There should be standardization of sizes of bottles for jam and of cans for canned goods so that there may at least be some uniformity. I think it would surprise the minister to know what a great variety of sizes there is. For canned fruits and vegetables, peas, corn, tomatoes, peaches, plums, strawberries, about two sizes would be ample to cover the requirements of the trade. This variety of sizes is not in any sense a contribution to efficiency in merchandising. I do not think anyone here who has had experience in merchandising would say I am wrong in that. I am convinced that there is but one object in having this variety of sizes, and that is the object of cajoling—or I would use a stronger term, deceiving—the consumer. I

am willing to make all reasonable allowance to the minister for the short time he has been in office, but after all, these things were brought out two years ago, and while I am not inclined to press any criticism of the minister I suggest to him that the permanent officials responsible for the administration of these acts might well, shall I say, be brought to task, or at least be asked to explain why they have not made to their minister recommendations for the elimination of this kind of deception practised upon the consumer on the one hand and constituting on the other hand a grossly unfair form of competition. I strongly urge upon the minister the necessity of early and prompt action for the correction of these matters.

Mr. GARDINER: I appreciate the attitude of the hon. member towards myself as the present head of the department. I can assure him that I am informed by the officials of the department during the short time I have been its head that consideration is being given to the matters he has brought before the committee this afternoon. Again it is a question of dealing with two departments, that of trade and commerce, which my hon. friend understands much better than I do, having himself been in charge of it for a considerable time, and, since we are charged with the administration of the act, the department of which at the moment I happen to be the head. As I said in regard to the other matter so I say in regard to this, that it is under consideration at the moment. I have much in common with my hon. friend in the views I hold in regard to the methods that have been followed in the putting up of packages. Of course I do not know what was the intention of those who first put food products up in these packages. Many people who purchase from chain and other stores where these goods are sold have known for a considerable time that the packages are not as large as some of those purchased in other places at higher prices. There are different reasons why persons purchase smaller packages, I need not discuss that; but it is the desire of the department and of myself as its head that everything which tends to deceive the public should be done away with, and that as quickly as possible. So far as I have charge of the department that will be done.

Mr. STEVENS: The minister referred to the fact that for some years I was presiding over the Department of Trade and Commerce. I imagine he inferred I might have done something while I was there. The long and short of it is that it illustrates a clash of jurisdiction. When I was minister I sought urgently and strenuously to get some action, and I tell the minister frankly I could get no action because of the attitude of the Department of Agriculture. I am not desirous of going into any discussion of that phase of the situation, but it indicates this—and that is one reason I am glad that I am addressing a minister who comes fresh to his task—that the administration should be in the hands of either one department or the other; there should not be this clash of jurisdiction. I am certain the interdepartmental correspondence will show that the permanent officials of the Department of Trade and Commerce have long been of the opinion that there is need for amendments to the act. If the Prime Minister were in his seat—for after all it is the Prime Minister who must decide on matters where there is a dual responsibility—I would appeal to him to give consideration to that phase of the subject, so that there can be no evasion of responsibility.

There is another abuse that I wish to emphasize. The department in the administration of these acts requires that the net weight be shown on the label, but I invite any hon. member whose family is keeping house to go into the kitchen, pick up any canned goods and look at the minute figures in which the weight of the contents is shown —16 ounces, 14, 13, or whatever it may be; the figures should be clear and such as can be read. Furthermore, as this report suggests, they should do away entirely with these odd weights such as 14 1-2 or 13 ounces. The report definitely suggests that the quantity should be 4, 8, or 16 ounces, definite divisions of what the housewife knows as a pound, not 15 ounces, for instance—there was that size; I do not know whether it is still put out—and 14 and 12 ounces.

May I refer to another point in this report which I think is very important. I commend this particularly to the attention of the minister:

> It is our opinion that legislative provision should be made for the standardization by order in council of the quantities in which any packaged commodity, whether a food product or not, may be sold.

And that the act should be amended accordingly. I believe the practice at present is this—and I invite the minister to correct me if I state it inaccurately; I am speaking from memory, nearly all these provisions are made by regulation under order in council. I am not one of those who seek, and I am not seeking now, to tie the hands of the administration, but I do think we sometimes

lean towards an abuse of that privilege. There are certain things that might well be statutory. The act might very clearly state, for instance, that there shall not be more than such and such a number of sizes, or, as I mentioned a moment ago, that all grades shall be designated numerically, one, two, three, four, and so forth, or A, B, C, D, et cetera. Furthermore, we might clearly provide by statute that there shall not be any division of a pound except as indicated here, 2 ounces, 4, 6, 8 ounces, and so forth. These are things that could be fixed by statute. I am anxious, Mr. Chairman, that what I have to say shall not be lost on the desert air.

Mr. GARDINER: I am listening.

Mr. STEVENS: I am afraid the minister is listening with one ear and talking with the other.

Mr. JACOBS: Are you sure you are not?

Mr. STEVENS: I say that the statute ought to determine many of these things, and then the governor in council would be limited in the powers he has for stretching the regulations to cover a variety of things such as I have dealt with. I would very earnestly plead with the minister that in connection with this whole subject the recommendations of the price spreads commission should be given careful consideration and an effort made to eliminate these abuses. I am quite aware that the various acts we now have contain elaborate provisions respecting a variety of matters, but these abuses are obviously present, and it is our duty in the face of past experience so to amend the act as to eliminate them if possible.

Mr. CHURCH: Mr. Chairman, I was a member of the Toronto board of health for some years and I saw something of the enforcement of these acts. I would ask the minister to tell the committee what cooperation or coordination there is between his department and provincial health officers regarding the administration of the Animal Contagious Diseases Act and the Meat and Canned Foods Act. We have had many complaints about canned goods, about the cheap stuff that is worked off on the working class. The city of Toronto and the county of York have spent a large sum of money in setting up a modern health department. What is this parliament doing? The government proposes to spend $1,900,000 on the health of animals and only one-fifth of that amount on the health of human beings. It is a wonderful country, Canada, is it not? I agree with the former Minister of Trade and Commerce (Mr. Stevens) that there is a great deal of inefficiency in the administration of these acts. Every person who has been interested in public health must know that there are abuses. When I first served on the board of health in Toronto there was no health inspection, although there was some kind of inspection of food. But the great Doctor Hastings, former medical officer of the city of Toronto, was responsible for having the milk supply of the city of Toronto inspected for sixty miles around the city, and that operated for the welfare of the people of Toronto, children especially, and helped to cut down contagious diseases among animals. I think the minister should tell the committee what he intends to do to provide for a more efficient administration of these acts. I was told by one health inspector that you could not enforce the act. He said "the federal department has taken it over now." That is how they get away with it. The chain stores sell cheap and they dump canned goods into their windows. Prosecutions in Toronto are few and far between, although a lot of these goods are afterwards found by the street cleaning departments. I agree with the former minister that there is great inefficiency, and a lack of cooperation and coordination between the federal department and the public health officials in the large cities. There is room for much improvement in that direction, and I think the minister ought to call a conference of the health officers of the large cities throughout the country with a view to bringing about closer cooperation and coordination.

Then as to prosecutions, we were told last session by the Minister of Justice that all federal law enforcement is in the provinces, and that the federal department has nothing to do with federal prosecutions. I was told a few sessions ago to see the attorney general of the province. I would like to find out what the minister proposes to do along this line. The enforcement of all these acts under the Department of Agriculture should be the duty of the minister, who should see that prosecutions by him are instituted in Toronto and other police courts for violations of the acts. The summons is laid under the act, but the person in charge of the summons has no power. He is only a food inspector for a municipality, and the result is that the consumer is getting the worst of it. I sympathize with the producer because he is having a hard time of it in many ways, but here we are dealing with the health of our people, and we have this government spending only $475,000 on the health of human beings and $1,900,000 on the health of animals.

Is that Canada's conception of the worth of human beings, many of whom are unable to get employment and some of whom are starving? Yet the government appoints inspectors, and inspectors of inspectors, and inspectors of inspectors of those who are the chief inspectors. What they do I do not know. There is a great lack of coordination between the health officers in the cities and this department, and it is these local health officers who are most familiar with the situation. They are local men, right on the ground, and they know the conditions in the abattoirs where cattle are killed and where the food is put into cans. They know the operations of the canning companies. The late government did a great thing for public health when it appointed the price spreads commission, and the work of that commission was most commendable from the point of view of public health. If the minister wants a proper administration of these acts he should coordinate with the medical officers of health and with the police departments or police chiefs of the large cities, and his inspectors should see that there is an efficient inspection. Probably the minister has not been long enough in the department to become familiar with it or to do much as yet, but I hope that in the recess he will visit Toronto and try to bring about closer cooperation between the local boards of health in the province and police officials and federal officials so that the consumer will get some benefit from the expenditure of these large sums of money.

Mr. NEILL: Is the minister prepared to inform the committee what the policy of his department will be regarding pullorum disease in chickens? It is rather a serious matter in British Columbia, and I know that the minister has received representations from a number of people. I have made them myself, but so far without any reply. I hope others have been more successful. The present regulations are founded apparently upon the belief, which is contradicted by some people claiming authority, that the disease is wholly hereditary, and so we are not allowed to sell our day-old chicks in Alberta or Saskatchewan or anywhere outside the province unless we can produce the pedigree of the chicks' fathers and mothers and aunts and uncles to quite a remote degree. This is very expensive.

There are three complaints made in British Columbia of the manner in which these regulations are enforced. First, the complaint is made that it is very expensive and is calculated to injure the laying qualities of the birds. It puts them off their laying, and when a bird has been put off its laying it is a long time before it gets back again. It is alleged also that there is another method, known as the quick method, which does not have this effect. This need not be carried out by government inspectors, but can be done by the poultry owner himself at a tenth of the cost. It is claimed that this method is equally effective. The poultry men want to know, and I do not think they will be quiet until they do know, why the more modern, cheaper and equally effective method has not been adopted. Special provision was made last year, probably on account of the trouble which arose, under which the dominion government paid part of the expenses, but that was only an emergent action.

The second complaint is in connection with the contention that this disease is an hereditary disease. I have seen articles in some of the poultry journals by people who claim to know, contradicting the idea that this disease is wholly of an hereditary character. It is said that too much emphasis is being placed upon that phase of the matter. It is claimed that the diseases may be contracted because of local conditions, because of poor surroundings or improper sanitation, and so on, and that it is not entirely an hereditary disease. The regulations are based entirely upon the idea that the disease is hereditary, that it is conveyed from father to son or from mother to daughter, so to speak. The results of these regulations have been very injurious to the poultry industry in British Columbia. In the past the price of eggs has been low and the price of feed from the prairies has been high. These things have mitigated against the success of these men, and yet the government comes along, no doubt with the best intentions, and states that they must conform to certain regulations before they can sell their day-old chicks. A great many people have been forced out of the business. Not only has it been necessary to test the parents of the chicks, but it has been necessary to test the more remote relations; the whole flock has had to be tested. It is an expensive procedure and the benefits are doubtful. There is another method known as the quick method by which a drop of blood is taken from the chicken and a test made immediately. The laying qualities of the bird and its general health are not interfered with.

This matter is of great importance to British Columbia. I was unable to get a reply from the department as to what their policy would be and the only thing left for me

to do was to bring up the matter here. I know the minister has not been long in office and has not had time to familiarize himself with every detail of this branch, but I ask him to undertake to look into the matter to see if some redress cannot be given to the poultry owners of British Columbia.

Mr. GARDINER: Mr. Chairman, there has been considerable correspondence from British Columbia with regard to the difficulties to which the hon. member (Mr. Neill) has just referred. I may say that these regulations were really set up as a result of the activities of the live stock branch, under which hatcheries are controlled. However, I think it would be just as well to deal with this matter at this time as we have been discussing live stock diseases generally. The general impression in the department, an impression pretty well established by experience, is that this disease is not wholly hereditary, but rather it is one which is transmitted by infection. The objective of the department is to try to prevent the spreading of the disease. The regulations set up do not automatically come into force in the different parts of Canada; they are made applicable in a province only when that province asks that they be applied. The three prairie provinces, Manitoba, Saskatchewan and Alberta, and two of the maritime provinces, Nova Scotia and New Brunswick, have applied to have these regulations put into force within their boundaries. As I understand them, the regulations require that any one who is supplying eggs to a hatchery, the chicks from which are going to be sold to the public, is required to have all his hens blood tested. Objection to these regulations has been taken in British Columbia. That province has not asked that these regulations shall apply there, and in so far as chicks sold within the province are concerned, the regulations do not apply. However, when they undertake to sell chicks in Alberta, Saskatchewan, Manitoba, or the eastern provinces of New Brunswick or Nova Scotia, they are affected by the regulations.

At the time of the dominion-provincial conference Alberta intimated that they had no objection to chicks being shipped into Alberta provided that the hens in the flock used for hatchery purposes were segregated from those not used for hatchery purposes. In other words, if a poultryman has 1,000 hens of which only 300 are used for hatchery purposes, if he segregates those 300 and has them tested, Alberta is prepared to accept chicks that are hatched from eggs laid by those particular hens. Saskatchewan and Manitoba insist that the entire flock shall be tested, as regards both chicks raised and sold within the province and chicks brought in from outside. British Columbia is, therefore, excluded from selling chicks in Saskatchewan or Manitoba, unless such chicks are raised from eggs taken from flocks all the hens of which have been blood tested.

Mr. NEILL: The whole flock.

Mr. GARDINER: Yes, the whole flock blood tested. I understand that in some cases, probably in all cases, this has raised the cost to the poultryman. Some misunderstanding has arisen between the poultrymen of British Columbia and the department administering these particular regulations. Everything possible is being done to have the regulations applied in all provinces in order that a disease which has been affecting poultrymen everywhere may be eradicated with the least possible cost to the individuals concerned.

Mr. NEILL: The minister has shown a very thorough knowledge of this subject, but there is one point upon which he did not touch. He stated that Alberta and Saskatchewan demand that imported chicks comply with the regulations, but he did not state that these regulations were formulated at Ottawa and Alberta and Saskatchewan had to accept them holus-bolus. If they wanted certain tests applied, the only way they could get them was by adopting the dominion formulated rules. If the dominion rules were less stringent, or, as we might say in British Columbia, more reasonable, Alberta and Saskatchewan would still adopt them and the situation would be eased. These rules were formulated by the dominion at a time when the officials were less informed about the matter, and it was decided that this longer and more expensive method should be used; but since that time there has been devised a quicker test which can be carried out instantly by taking a drop of blood from the bird. Not only is this test cheaper, but it is less dangerous. If the dominion would change its rules I am sure Alberta and Saskatchewan would adopt them; as a matter of fact they would have to adopt them. If the minister would look into this point I think he would see where many of our objections could be met.

Mr. GARDINER: In the short experience I have had in the department, I did take into consideration, at the request of British Columbia, the change that has been suggested by the hon. member; but I found very quickly, after attempting to make that suggestion to the other provinces, that the pressure is coming not from Ottawa but from those provinces; that is, they absolutely refuse to

be governed by any other regulations than those to which they now conform and which they regard as proper regulations. I still have some doubt as to whether exactly the same rules should govern in all cases in view of the differing conditions. Saskatchewan is a province where most of the poultry producers are also farmers in a rather large way, and their problem is perhaps somewhat different from that of the man who makes his whole livelihood out of the production of poultry. To begin with, they have smaller flocks and it is probably not a matter of great expense to them to have the test made that is now being carried out. On the other side of the question, however, I am informed by those who have knowledge of the subject that the quick test is only approximately forty per cent effective. This test was known at the time the other one was accepted, and it was known at that time to be only approximately forty per cent effective. Of course, it is the desire of the department as far as possible to eliminate disease, and we take the most effective means to that end. Consideration might be given to some changes in the regulations as we gain further experience, by segregating hens in such a manner as to make the test effective, but up to date we have nothing more effective than we are now doing.

Mr. SENN: I agree with the minister heartily as to the desirability of having baby chicks hatched from eggs coming from blood-tested flocks, for it is very desirable indeed that disease should be stamped out as quickly as possible. But there is another question in this connection that seems to me to be of great importance to the poultry industry. Under the terms of the trade agreement now in effect between Canada and the United States, the hatcheries of Canada will be subject beyond question to very severe competition with chicks coming from that country. I do not know how the department is going to see to it that chicks coming from the United States come from blood-tested flocks. I should be glad if he would explain how that will be done, or why the people of the different provinces in Canada should be subjected to this way of doing things while eggs and particularly chicks are allowed to come from the United States without undergoing that inspection and supervision.

Mr. GARDINER: I can only say that we are governed more or less by the action of the provinces. For example, in the provinces I have mentioned, where these regulations have been adopted, it is a comparatively simple matter to make arrangements at ports of entry for a check to be made on the hatcheries from which chicks come, and with regard to the regulations governing them in the United States. But in a province which has not come under these regulations it is more difficult to control the situation, as one can understand. As regards the other question, under the tariff arrangements as they were before, I think the set price from the United States, upon which the tariff was based, was about 30 cents a chick. Of course, the price of a chick in the United States is around 5 cents, while on this side it is 8, 10 or 12 cents, and it can be readily seen that a set price of 30 cents would be prohibitive. In connection with the trade agreement, under the intermediate tariff, the duty on a chick coming across the line is about 5 cents.

Mr. SENN: Is that settled yet?

Mr. GARDINER: No, I beg your pardon; there is an ad valorem of 17 per cent based on the price, which probably in some instances, on the lower priced chicks, would figure out at a little lower than one cent a chick. Chicks would come across the line under that arrangement much more freely than they did under the previous system, but the request that has been made by the hatchery people is that a definite duty of so much per chick be imposed, and the rate suggested is very much lower than that proposed before. The house is not bound, even if the trade agreement is accepted, to abide by the present rate; we have the power to raise the duty or to do whatever we wish to do in connection with it. That, however, is a matter which I cannot discuss this afternoon; it is something that will have to be discussed when the budget is down. Representations have been made by the hatchery people to have a change of rate on chicks from the United States.

Mr. LENNARD: Has the department considered making it compulsory to grade farm products packed for export and, if approved, to have them so marked?

Mr. GARDINER: I do not know how far afield I am allowed to go under the rules in discussing this item. That is a matter entirely outside the items we are now considering, and perhaps the hon. gentleman would let it stand until a more appropriate time.

Mr. TAYLOR (Nanaimo): I thank the minister and those hon. members who have spoken with regard to the poultry question for the excellent information which has been given the committee and recorded in Han-

sard. This is a matter that closely affects my own constituents in Nanaimo. I am pleased that I shall be able to pass on to them from the proceedings in this committee much valuable information.

Mr. LOCKHART: May I supplement the remarks of the hon. member for Broadview (Mr. Church) with reference to the question of inspection. I do not think that any direct answer has been given by the minister. It was my privilege a short time ago to go through one of the packing houses in Toronto and I observed then that a great many carcasses were being rejected on account of tuberculosis. My hon. friend has referred to cooperation between the federal and provincial departments. As regards carcasses that are stamped as completely affected by tuberculosis, does the minister feel sure that the provincial department of health is cooperating to the extent of preventing these carcasses from reaching the hamburger and hot dog stands or finding their way into the canned goods sold in Ontario and throughout the dominion?

Mr. GARDINER: Replying first to the last question, I can assure the hon. gentleman that carcasses condemned by the dominion inspectors go into the tank immediately, under the supervision of the officials of the department. In connection with the other matter brought up by the hon. member for Broadview, and which has been referred to by the hon. member for Lincoln (Mr. Lockhart), I would point out that under the British North America Act the matter of health comes within provincial jurisdiction. We have really very little legal control in that regard. The department, however, has always assumed that one of its main duties is to see to it as far as possible that commodities produced in this country can be sold abroad. For that reason we have attempted in the first place to keep our live stock particularly clear of disease, because other countries will not admit that live stock if disease is prevalent here. The same idea has followed into the matter of killing and the inspecting of abattoirs where meat is killed, and in the matter of canning and all that sort of thing. As a matter of choice, most of the abattoirs in Canada do require inspection by the department. The department make that inspection; they pass the meats that go out from the abattoirs, and municipalities and provinces alike have the benefit of that inspection. But when it comes to a matter of enforcing the law in that regard, it is in a little different field, and in some cases we are not in a position to act as suggested by the hon. member for Broadview. There are certain things that probably we could not do, that we would have to leave to the municipalities and the provinces, because we have not the authority to enforce. But we have followed the practice of going just as far as we can possibly go in cooperating with municipalities. Probably I should put it the other way round: we have been going as far as the constitution, the laws and regulations of the provinces and municipalities themselves, and the cooperation of abattoirs and people interested in marketing their meats will go, in order to try to enforce all over Canada the same kind of regulation in connection with the marketing of these products. I think probably the best answer I can give as to whether or not we have that cooperation is the fact that the great percentage of the meat that is going out from these abattoirs is government inspected. That would indicate that municipal bodies, provincial governments and the abattoirs themselves are inviting cooperation from the federal government in seeing to it that any meats that are sold to the public are meats that are fit for human consumption.

Mr. LOCKHART: That covers the matter of carcasses that are going out for consumption over the retail counter. But is the minister sure they do not go into canned products and things of that kind? That was the point I was more concerned about.

Mr. GARDINER: Well, that would not be possible in any of the plants where inspection is carried out by the federal government. With regard to some others, it may be.

Mr. COLDWELL: Is it not a fact that in the inspected abattoirs, for example, when hogs are slaughtered and there is found to be disease in the heads of the hogs, the heads alone are condemned and the carcasses are sold for human consumption.

Mr. GARDINER: Yes; with regard to certain diseases, where local infection takes place, that would be true.

Mr. SENN: Are the same standards of health required for meat that goes into cans as for meat sold by the carcass? May I point out that canned meats were imported into this country last year equivalent, I believe, to some twenty thousand head of cattle. What supervision and inspection, if any, are undertaken when that class of goods comes into the country?

Mr. GARDINER: Official certificates are supplied from the governments of those countries, just as we have to supply official certifi-

cates from this country to other countries. We get the same kind of official certificate as others require of us, which gives just as good security as we can possibly have in respect of these countries.

Mr. COLDWELL: Is it not also a fact that if farmers bring into these inspected areas carcasses that are in any particular diseased, the whole of the carcass is destroyed? Why should not the government enforce the regulations upon the big packers as well as upon the farmers?

Mr. GARDINER: May I get the intent of the hon. member's question? Has it to do with carcasses brought in?

Mr. COLDWELL: Carcasses slaughtered on the farms, say, and brought in for consumption in an area where there is inspection.

Mr. GARDINER: They are under exactly the same regulations as the abattoirs.

Mr. COLDWELL: I do not see just how that can be. If part of the carcass is diseased the whole of it is destroyed should it come from the farm into the city. I believe that to be the case from my own association with a municipal body where we went into this problem very carefully. One of the reasons why we did not adopt meat inspection was just exactly the one to which I have referred. If the animal is slaughtered in the abattoir, then, in the case of certain diseases, only the part of the carcass affected is destroyed. I wonder if the government has considered the making of regulations to ensure equality to all concerned.

Mr. GARDINER: I am informed that the regulations in so far as they are applied here are the same. Of course there may be regulations in towns and cities or provinces that I cannot speak of from this place at the moment.

Mr. WILTON: What is the official disposition of a condemned or diseased carcass? The minister made the remark a moment ago that it went into the tank. I am not sure, and many who are not familiar with the butcher business do not know, just what that means. Is it put in there to purify it before it is sold? The thing I am particularly interested in is the final disposition of a condemned carcass.

Mr. GARDINER: It is put into tanks and rendered, and as I understand it, it is not used for human consumption. Most of it goes for fertilizer.

[Mr. Gardiner.]

Mr. DOUGLAS: I asked the minister a question a short time ago, and I want to pursue it because of the two questions that have been asked. In replying to the questions the minister dealt with meat going over the retail counter and meat going into cans, but what about cattle that have been condemned for dairy purposes and a strong suspicion remains in the mind of the government veterinary that it has been butchered and peddled through the town? Of course he has no authority to act, but is there any way by which the matter can be reported to the provincial and municipal authorities and be taken care of? I know of government men who have strongly suspected that that was going on, but it is not within their jurisdiction to do anything about it.

Mr. GARDINER: Provincial and municipal.

Mr. DOUGLAS: I was wondering if the machinery set up could be correlated so that that could be taken care of. It is not the function of the man in charge, and yet it is a tremendous menace to the public health.

Mr. LEADER: Before this item carries I would like to ask the minister a question that has often been asked of me. Is it the intention of the government to investigate the prevalence of Bang's disease? Following that up, is it their intention to carry out tests, and if the cattle are found diseased, to slaughter them, and will the owners of the slaughtered animals be compensated as in the case of tuberculosis?

Mr. GARDINER: The department has been investigating the spread of Bang's disease and has been doing a good deal in order to check its spread among cattle. As a matter of fact as I understand it we would be compelled to do so, whether we desired to or not, because of regulations particularly in the United States with regard to the export of cattle. All the cattle that are shipped to the United States for dairy purposes have to be tested for Bang's disease, and they are tested by the government here in order to prevent infected stock going to that country, which in the end might affect our trade with the United States.

So far as the question of destroying the animals is concerned, I do not think there is any regulation at the present time requiring that this should be done. There is a regulation which requires the marking of animals which have been tested and are found to have Bang's disease, in order to safeguard those who may purchase breeding stock, so that they may be protected against purchas-

ing an animal that has this disease. So far, however, no provision has been made for paying for any animals destroyed, and I think I am right in saying that there is no regulation which compels the destruction of these animals.

Mr. LEADER: I believe the minister is right, but the day may come when the government will have to do something in regard to this disease. From my experience, in some states not only dairy cattle but beef cattle as well must be tested for this disease. I ship cattle to the United States, and I always have my cattle tested for this disease. When the time comes that the government must undertake work of this nature and compel a test, I think for the protection of the live stock industry of this country and also for the protection of the human race, as the hon. member for Broadview (Mr. Church) pointed out to-day, animals found to be suffering from this disease should be slaughtered and the owners should receive compensation.

Mr. GRAYDON: I should like to direct a question to the minister with regard to something he said early in the consideration of the estimates this afternoon with reference to a proposed tuberculosis free area around the city of Toronto, including the county of Peel. I do not wish to embarrass the minister by asking a question which he may not be able to answer at the moment, but I should like his undertaking that he will let me know what progress has been made towards bringing the county of Peel, which I represent, within that area.

Mr. GARDINER: It is already established in that district. The counties covered are Halton, Peel, York, Ontario, Durham and Northumberland, and I understand that the tests are starting this week.

Mr. COLDWELL: I should like to ask another question. Is any provision made for assistance to veterinary surgeons who are working on these problems in the dried out and drought areas? I have in mind men who gave a great deal of service in connection with the new disease in horses last year. They covered hundreds of miles, and I know they found it very difficult indeed to get payment from the farmers who had been afflicted with drought, grasshoppers, and so on. I wondered if the department had anything in its estimates this year which would enable something to be done for veterinarians, just as some of the provinces and municipalities have done something for the medical men. After all this is a dominion matter, concerning the health of animals, and some provision might be made here.

Mr. GARDINER: There is an amount of $45,000 in the estimates for part time veterinary services across Canada, but of course the hon. member for Rosetown-Biggar (Mr. Coldwell) will understand that there would not be a very considerable portion of that amount to be applied to the area he has in mind. From time to time I have received communications from veterinarians and others in that district indicating that the farmers are unable to pay the veterinarians anything for their services. Some of these veterinarians have been maintaining themselves with difficulty for four or five years, but have continued to render their services. The municipalities, the provincial government and to a certain small extent this government, have been cooperating in attempting to maintain some of these services, but the number that could be helped would be very limited.

Mr. COLDWELL: Is the amount greater or less than in former years, or the same?

Mr. GARDINER: It is about the same as last year. Of course the provision that is made for medical men, that was mentioned a moment ago, is not under any regular vote of any department of government either here or in Saskatchewan. That is under the relief program, for which moneys were provided by this parliament, but those moneys were distributed largely by the provincial government and the municipalities.

Mr. THOMPSON: I understood the minister to say a moment ago that the diseased carcasses went to the tank and were largely used for fertilizer. I should like to ask if it is not a fact that when cattle are inspected and found to have tuberculosis, tickets are put in their ears marked "T.B." and they may be sold to drovers and go into the market and be used for human food.

Mr. GARDINER: The animals that are tested and found to be reactors in any of these areas or under any of the schemes of which I have been speaking go to the abattoirs under a licence which keeps them under the control of the department. When the animal is killed it is just possible it may be found that the disease does not exist at all in a form that will affect human beings, and that animal may not be condemned in the same sense as animals found to be full of the disease. After the animal is actually killed

and examined by those competent to examine it, it may be found that the disease, if it was present at all, would not affect human beings by whom the meat might be consumed.

Mr. MacNICOL: The answer given by the minister to the hon. member for Lincoln (Mr. Lockhart), as to just what happened to the carcasses that were marked "diseased" and sent to the tank, was hardly full enough for me. I have it in mind that the minister said the carcasses were rendered, which conveys the impression that lard was manufactured out of them, or greases of some kind. What is done with the products thus obtained?

Mr. GARDINER: All the condemned animals follow the course I indicated a few moments ago. If they are actually condemned they go into the tank and, as I understand it, every part of the animal follows the course I have indicated. It does not go into human consumption at all.

Mr. MacNICOL: Then when the minister made the statement a few moments ago that they were rendered, that really had no significance?

Mr. GARDINER: Well, it has significance, but any greases that are there would not be used as human food.

Mr. MacNICOL: What would they be used for?

Mr. McCANN: How much of this estimate was appropriated for prevention of these diseases? It appears to me to be utter folly to continue from year to year to spend large amounts of money on contagious diseases among animals unless at the same time a positive effort is put forth to ascertain the causes of these diseases and discover some method of prevention. I should like to know also whether farmers are supplied with vaccines and other means of prevention free of cost.

Mr. GARDINER: I can only say this department does not handle vaccines for that purpose, but the provincial departments do. That is true at any rate as far as Saskatchewan is concerned; I am not so sure of other provinces. Saskatchewan has been distributing vaccines free for many years. That comes under the provinces. As to what we are doing to eradicate disease, the whole system of dividing the provinces into districts and killing the animals afflicted with disease is for that purpose.

[Mr. Gardiner.]

Mr. ROWE (Dufferin): Is it the intention of the government to impose regulations against Bang's disease similar to those the United States impose against our cattle, or is it now in operation?

Mr. GARDINER: We have done that.

Mr. MacNICOL: In the report of the auditor general for 1934-35 under these several items I notice that some $80,000 or $90,000 worth of motor cars were purchased for the department. Is there anything in this particular item for the purchase of motor cars?

Mr. GARDINER: In order to answer that question for the whole department I would have to go through all the branches. If it will suit the convenience of my hon. friend I will have that done for another day. For this particular branch there is $7,000 included.

Mr. MacNICOL: That answers my question with reference to this item. I see it was $85,000 for all in 1934-35; we have not as yet the figures for 1935-36. And now we are going to buy some motor cars again this year.

Mr. ROWE (Dufferin): Referring back to the importation of breeding poultry, is it the intention of the department to impose similar regulations with reference to the importation of chicks to those with reference to other breeding stock? Personally I think it is of great economic importance to consider that very carefully in view of the recent trade agreement with the United States, realizing that many hatcheries, at least along the border in the different provinces, are fearful that they will be driven out of business under that trade agreement.

The CHAIRMAN: Order. I do not think the hon. member is in order in discussing anything in regard to the trade agreement under this item.

Mr. ROWE (Dufferin): I submit to your ruling, Mr. Chairman, but I am certainly not discussing any trade agreement; I am only pointing out that the prospects are that the importation of chicks will be greatly increased, at lower cost than the cost of production in Canada, and that regulations should be imposed and strictly enforced that will give protection not only to the producers but also to those who buy the chicks. The matter is of national importance, and anyone who understands anything about the poultry business will agree, that only blood-tested chicks, as in the case of cattle, tested for Bang's disease should be admitted, because it is only by such careful inspection that any flocks are made profitable. It is of great economic importance to those

in the poultry business in Canada that they be protected to that extent; it is just as important as protection against tuberculosis. Is it the intention of the minister to see that these regulations are put into effect?

Mr. GARDINER: It is the intention of the department to try to prevent disease of that kind being brought into Canada through the importation of chicks. As I explained a few moments ago it is rather difficult to carry our intention into effect in provinces that have not adopted wholly the regulations that this department would like to see them adopt.

Mr. ROWE (Dufferin): Has Ontario adopted the regulations?

Mr. GARDINER: They have not adopted them, but they are considering the matter at the present time.

Mr. SENN: Could we have assurance from the minister that while Ontario and other provinces in which regulations are not adopted are making a serious attempt to stamp out pullorum, chicks will not be allowed to come into this country from the United States or elsewhere unless they are free from the disease?

Mr. GARDINER: I am informed that in order that we might be able to do that, a change in legislation would be required. If I understand the question it is that since we are controlling the coming in of live stock, such as dairy cattle, we should also control the coming in of chicks; that if we have the power to do the one we should be able to do the other.

Mr. ROWE (Dufferin): You have the power.

Mr. GARDINER: Under the present legislation the department has not the power to do that.

Mr. ROWE (Dufferin): This house surely has the power to control importation, and I suggest it is ridiculous if we do not impose such restrictions on the importation of what, I repeat, promises to be the greatest number of chicks we have ever had coming into the Dominion of Canada in any one season.

Mr. MUTCH: How many veterinary surgeons are temporarily employed in connection with the health of animals branch in Manitoba, and what has been the length of their term of temporary employment?

Mr. GARDINER: If the hon. gentleman will put that question on the order paper, I will get the information for him.

Mr. STEWART: I am interested in the activities of the department in connection with bovine tuberculosis. I understand that certain areas have been established in which the disease has to a large extent been eradicated. One such area I have in mind is the eastern part of Ontario, from the Quebec border to the Rideau river, and I understand that the county of Prince Edward is another. I should like to know what areas in Ontario have been established and treated in that way for the purpose of eradicating tuberculosis.

Mr. GARDINER: The list I have before me is not complete. It covers the areas in which the disease has been reduced below one-half of one per cent of those tested: Carleton county, townships of Gloucester and Osgoode; Glengarry county, Leeds county, Prince Edward county and Russell county. I shall be glad to have a complete list before another meeting of the committee.

Mr. STEWART: I should also like to know the compensation allowed to owners of cattle in such areas, the amount allowed for a pure bred animal and for grade animals, and whether the compensation is fixed by statute or by order in council.

Mr. GARDINER: The compensation is fixed by statute, the maximum being $100 in the case of a pure bred animal, and $40 for a grade animal.

Mr. TUCKER: I do not know whether they are true, but representations have been made to me regarding the effect of the present regulations in connection with Bang's disease. In districts in which it is felt that the disease may exist, the farmers get their cattle tested, and if animals are found to be suffering from the disease they are tagged. Then there is a tendency, it is said, for these farmers immediately to try to get rid of such an animal, with the result that the disease is spread more widely than it otherwise would be. It is also said that this attitude follows when an animal is tagged: The farmers say, "This animal has been tested for Bang's disease." They see it is tagged and nothing is done in regard to it, so they conclude that it is now free from the disease, when exactly the reverse is the case. Does that correctly represent the situation, and, if so, is any attention being paid to it by the minister?

Mr. GARDINER: I am not quite clear whether the hon. member for Rosthern is speaking of all herds that may be tested by any authority. Of course an individual may test his own herd, but if the testing is carried out under any of the schemes which I

have outlined and for which this department is responsible, animals are tagged and in the case of tuberculosis are followed through by the department, and compensation is paid in respect of these animals. There is just a possibility that some people may have their animals tested without making the fact generally known to the public, and then dispose of animals reacting to the test, but that would not happen under any of the schemes for which this department assumes responsibility.

Mr. SENN: I was very much interested in the statement the minister made a moment ago that in restricted areas only one-half of one per cent of the cattle are found to be still suffering from tuberculosis. There are, however, throughout Ontario and other parts of the dominion several accredited herds which have been under that scheme for some length of time, and I would ask whether the same percentage prevails in accredited herds as in restricted areas.

Mr. GARDINER: Yes, the same percentage would prevail in pure bred herds anywhere within the restricted area.

Mr. SENN: But there are accredited herds outside the restricted area.

Mr. GARDINER: In fully accredited herds there are 7,225 cattle free from the disease; under process of accreditation, 1,384; not tested, 114.

Mr. SENN: It comes within my knowledge that herds that have been free from tuberculosis for some length of time under the accredited herd system have been found to be again infected when the annual test is made. Could the minister give us any figures showing the number of accredited herds that have been re-infected?

Mr. GARDINER: I understand that about twelve percent of the herds that are accredited afterwards fall down under our test.

Mr. SENN: And they lose their certificate?

Mr. GARDINER: Yes, and the process starts over again.

Mr. DOUGLAS: Has the appropriation for free tuberculin tests been increased or decreased?

Mr. GARDINER: It is just about the same.

Mr. DOUGLAS: Does the minister think it will be sufficient adequately to take care of the applications for testing that are likely to be made on the basis of last year's figures?

[Mr. Gardiner.]

Mr. GARDINER: Of course, as the Minister of Finance explained to the house the other day, these are the general votes which are considered to be sufficient to carry on the usual, general activities of the department, but if it is found advisable—and a decision has not yet been made upon this point to go on with this work more rapidly than the present vote would provide for, additional funds would have to be provided in the supplementary estimates.

Mr. RICKARD: Do the farmers get a bonus from the government for all cattle that react?

Mr. GARDINER: The owner of the animal is compensated to the extent of two-thirds of its value, the maximum value of grade cattle being $60, making the maximum compensation $40, and the maximum valuation of pure bred stock being $150, making the maximum compensation $100. That is the compensation for stock that is destroyed as a result of the test.

Mr. RICKARD: Does that apply in the tuberculosis tested areas as well as in the accredited herds?

Mr. GARDINER: Yes.

Mr. SENN: The minister was kind enough to give at the outset the figures in detail of this vote, but he read them rather rapidly and I was unable to get them all down. Would he give the committee the reason for the increase of $12,000 odd in the total vote?

Mr. GARDINER: There is a decrease in some sections and an increase in others, bringing the net increase to approximately $12,000. There have been increases in equipment and maintenance, $3,000; personal services, part of which is accounted for by annual salary increases, $28,927; special personal services, $100; rents, $220; supplies, materials, printing and stationery, $3,000; transportation, $300. That makes an increase of $35,547, but against that there are decreases as follows: compensation, $6,063; lands, buildings and maintenance, $10,000; transportation and travelling expenses, $7,000, or a total decrease of $23,063, making a net increase of $12,484.

Mr. ROWE (Dufferin): What is included in personal services, $28,000?

Mr. GARDINER: That is for all the staffs in this particular branch.

Mr. ROWE (Dufferin): I notice that the item for personal services is increased by $28,000, yet transportation is decreased by $7,000. I assume the increase is in the number employed.

Mr. GARDINER: Not altogether. Some of it is caused by statutory increases.

Mr. ROWE (Dufferin): Has the minister the number of employees for each year?

Mr. GARDINER: I have not that information for the branch as a whole; it is given only by divisions. If the hon. member would place a question on the order paper I should be pleased to give that information, or perhaps it could be given at the next sitting.

Mr. PERLEY (Qu'Appelle): Could the minister give us any information by provinces as to the prevalence of contagious diseases of animals? At the same time he might give the amount paid to each province by way of indemnity for losses from tuberculosis.

Mr. GARDINER: I could not give that information offhand. If the hon. member will make a motion for the necessary papers I shall be glad to furnish them. It will take some time to compile this information.

Mr. PERLEY (Qu'Appelle): I think this information is important. We could let this item stand and take up the next.

Mr. BROOKS: I should like to know whether arrangements are being made in New Brunswick for retesting, and whether compensation is to be paid in the event of reactors being found?

Mr. GARDINER: I am informed that this will depend upon conditions found when the first test is made or when succeeding tests are made. When the disease is reduced to about one-half of one per cent of reactors, no retest is made for a period of three years. When the percentage is considerably larger, retests are made more often.

Mr. BROOKS: Is the same compensation paid to the farmer in the case of reactors?

Mr. GARDINER: The compensation in connection with every test is the same.

Mr. SENN: There seems to be some conflict between two statements made by the minister with regard to tuberculosis. He made the statement that in restricted areas the number of cattle affected was one-half of one per cent.

Mr. GARDINER: No. I gave certain information in connection with a group of counties in Ontario in which the number of diseased cattle had been reduced to that figure, but that was only after restricted area regulations had been in effect for some considerable time.

Mr. SENN: I understand that an unrestricted area becomes a restricted area just as soon as operations are commenced. I understood the minister to say that in accredited herds 12 per cent of the cattle would become reactors at some future time. Does that mean that the test is only 88 per cent perfect? To what degree does the minister consider these tests approach perfection?

Mr. GARDINER: An accredited herd belonging to one farmer may be subject to contamination from herds round about, but when you have an area comprising several counties, an accredited herd in the middle of that area is much better protected. The proportion of reactors in accredited herds taken right across Canada is much higher than in the case of protected areas.

Mr. SENN: Would the minister say that this test is 100 per cent perfect?

Mr. GARDINER: I am not an authority on these matters, but those who are tell me that no test is 100 per cent perfect.

The CHAIRMAN: Shall the item carry?

Mr. PERLEY (Qu'Appelle): I think this item should stand until the minister can give us the information requested. In the meantime we could go on with another item.

Mr. WALSH: Are the inspectors appointed under the Meat and Canned Foods Act under the Civil Service Act?

Mr. GARDINER: They are under the Civil Service Act. I have the figures asked for by the hon. member for Dufferin-Simcoe (Mr. Rowe). The total for 1936-37 is estimated at 534 permanent employees while the total for 1935-36 was 492. In the case of temporaries, for 1936-37 the total is estimated at 188 and for 1935-36 it was 215. The temporary staff is down 27 while the permanent staff is up 42.

Mr. ROWE (Dufferin): What is the reason for the increased number? What extra services are to be performed?

Mr. GARDINER: One reason would be the matter which we have just been discussing, namely, the extension of the district in New Brunswick from a fraction of the province to the whole of it. This will require an extra service. The same thing will be true of the large district which is being added in Ontario. Additional abattoirs are coming under departmental inspection. These additional services require the employment of additional staff.

Mr. SENN: I think the minister told us that the amount set aside for indemnities was

$6,000 less than for the previous year. If additional officials are to be employed in connection with additional restricted areas, how does the minister propose to pay for the cattle which cannot pass the test?

Mr. GARDINER: In answering my hon. friend, I think I can repeat the answer I gave, I believe it was to the hon. member for Weyburn (Mr. Douglas). Our hope is that in connection with this matter we may be able to go much further than these estimates would indicate. If we can go only half way through the season we shall have to let part of these staffs go; if we can secure additional money to permit our going right through the season, we can carry these staffs right through the year. Of course this money would have to be voted in the supplementaries. We are making provision to carry these staffs, but if it is found impossible to do the work, then naturally we shall have to cut down on it.

Mr. SENN: In former years the amount voted for this particular matter has been absorbed before the end of the fiscal year and proceedings have had to stop, and in some instances farmers who had cattle slaughtered were not indemnified until the new vote was brought in. That was rather an injustice which the minister should take into consideration.

Mr. ROBICHAUD: Do I understand that where an animal has reacted but the carcass has not been condemned, the owner is allowed to sell the carcass for what he can get and is given full compensation in addition?

Mr. GARDINER: I did not quite hear the question, but I believe the hon. gentleman wishes to know what happens in connection with compensation, and how much an owner is able to get if the animal is slaughtered. Compensation is paid and the owner is allowed to dispose of the animal at the abattoir for whatever it will bring; but it is disposed of under the supervision of our officials, the department being thereby assured that in connection with the matter nothing is done that may result in the owner obtaining money to which he is not entitled.

Mr. RYAN: What work is being done by the temporary employees?

Mr. GARDINER: In the great majority of instances this is not a matter of temporary work; the employees are still classified as temporary, and eventually some will become permanent. There may be a few of them who are doing temporary work, but some of these people classified as temporary employees have been on the staff for years.

[Mr. Senn.]

Mr. ROWE (Dufferin): How does the minister hope to increase the service, how does he hope to increase inspection and take in new areas, adding 42 to the permanent staff, while reducing their transportation by $7,000 and reducing by $6,000 compensation for the reactors they inspect?

Mr. GARDINER: My information is that in connection with transportation, certain economies are possible which the department hopes to be able to make this year; and it will be easy, of course, in a service that requires the expenditure of some $423,000, to effect a saving of $7,000 in operating cost. That should not be difficult if the service is given proper supervision.

Mr. STIRLING: Do the owners of cattle that are tested pay fees for the service?

Mr. GARDINER: No.

Mr. RYAN: How many employees in New Brunswick are working in a temporary capacity, not under the Civil Service Act?

Mr. GARDINER: I cannot give that information offhand but I could probably secure it.

Mr. WALSH: Are there any regulations with respect to these temporary employees? In my own district there are some temporary employees who have been acting as inspectors for at least two or three years. Are there governing the conditions of their temporary employment, any regulations which prevent them from becoming permanent employees of the department?

Mr. GARDINER: As hon. members know, I am more or less new in the administration of a department at Ottawa. I have been accustomed to administering a department in which there is a definite line of demarcation; there comes a time when it is necessary for the government to consider whether they will keep certain persons on the staff or make them permanent. I find, however, that there is no such regulation here. I am told that it is difficult to establish a regulation of that kind in a service so extensive as the federal service. Departments depend to a large extent upon recommendations from the civil service commission.

Mr. RYAN: Will the minister also give me the number of temporary employees in New Brunswick, where they are working, and the names?

Mr. GARDINER: The hon. member might put that question on the order paper if he wants all that information.

Mr. STEWART: I understood the minister to say that if the owner of a herd of cattle desires to have it established as accredited he must have five head of pure bred cattle in the herd; then the herd is tested and, if it is found free from tuberculosis, the owner receives a certificate that the herd is accredited. Is any compensation paid to the applicant for such a certificate for any cattle that may be destroyed in his herd?

Mr. GARDINER: Yes, the same compensation as in all other cases.

Mr. PERLEY (Qu'Appelle): If the minister cannot give the information I have asked for, he might allow the item to stand.

Mr. GARDINER: It would be absolutely impossible to bring down in committee the information requested by the hon. gentleman. If he will put a motion on the order paper I shall be more than pleased to submit all the information he asks for, but I am informed by the officials that it would take days to compile it.

Mr. WALSH: I understand that in the various packing houses and abattoirs there are two classes of inspectors, one a qualified veterinary and the other a lay inspector. Does the lay inspector come under the civil service commission or is he appointed by the minister?

Mr. GARDINER: The lay inspector as well as the veterinarian come under the civil service commission.

Mr. BARBER: Do all veterinary surgeons in charge of these tests belong to the permanent service? In British Columbia how many under this item are there in the permanent service of the department?

Mr. GARDINER: They are all in the regular service, but they may be classed as either permanent or temporary in accordance with what I said a moment ago.

Mr. BARBER: How many are there in the permanent service in British Columbia?

Mr. GARDINER: The full number of the field full time service in British Columbia is ten.

Mr. COLDWELL: Do I understand the minister to say that all the veterinaries who perform these tests are members of the permanent staff under the civil service commission?

Mr. GARDINER: Yes. I am informed that all the men, even part time men, are under the civil service commission.

Mr. COLDWELL: And the part time men are often the local veterinary surgeons, are they not?

Mr. GARDINER: Yes, quite often.

Mr. COLDWELL: I hope that if the temporary staff is to be reduced and the permanent staff increased, many of the local veterinaries who have been enabled to keep going by the assistance of the government in this way will not be replaced by new men; that if anything is to be done they will have first consideration.

Mr. SENN: The minister was kind enough a little while ago to give us the number of accredited herds that come under this branch of the department at the present time. There is also what is known as the supervised herd plan. Will the minister tell us how many supervised herds there are in the dominion; also how often those herds are inspected, and if possible the figures showing the number of herds that have been supervised and found free, and later found to have reacted?

Mr. GARDINER: I will give all the information that is before me; I think it covers most of the points raised. Herds tested, 44,450; herds awaiting test, 2,992; total, 47,442. That includes all the provinces. Then the record of testing: Cattle tested for the first time, 122,149; total tests made, 255,123; number of reactors, 1935-36, 3,249; reactors slaughtered, 3,238. That covers the supervised herd plan.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

Civil government—Salaries and contingencies, $647,209.20.

Mr. STIRLING: Would the minister explain the reason for the increase of four in the number of employees?

Hon. W. D. EULER (Minister of Trade and Commerce): The increases are almost entirely due to statutory increases in salaries.

Mr. STIRLING: Do I understand the minister to say that an additional chief clerk was required due to an increase in statutory requirements?

Mr. EULER: The item is in connection with chief clerk Davidson, who went to the wheat board. The position was reclassified later on. That is why the item still appears in these estimates.

Mr. STIRLING: As indicated on page 102 of the estimates there is an increase of one clerk, one stenographer—there are three more employees to account for, because there is a total increase of four.

Mr. EULER: There is a reduction of one clerk grade 1. There is an increase of one stenographer, grade 2, from 28 to 29. There is an increase of one clerk, grade 2, from 45 to 46. I think those are all the increases. There is only a net increase of one on that page, if I read it correctly.

Mr. DUNNING: The total of four is for the whole staff.

Mr. EULER: For the whole staff, yes.

Mr. DONNELLY: I see there is one man, director of trade routes and steamship subsidies, who draws $4,260. Who is he and what does he do?

Mr. EULER: Mr. Bawden. He looks after subsidized steamship services.

Mr. DONNELLY: To see that the steamships get government subsidies, or what?

Mr. EULER: To see that they do not get any more than they are entitled to, for one thing. Supervision over the service, to see that the steamship companies carry out the contracts properly. He has been on the staff for twenty years. Subsidies have been in effect for a good many years in this country, perhaps unfortunately.

Item agreed to.

Mail Subsidies and Steamship Subventions

Atlantic Ocean

Canada and the United Kingdom, on the Atlantic, service between, $250,000.
Canada and South Africa, service between, $112,500.

Pacific Ocean

British Columbia and China, service between, $118,800.
British Columbia and South Africa, service between, $84,000.
Canada, China and Japan, service between, $600,000.
Canada and New Zealand, on the Pacific, service between, $300,000.
Prince Rupert, B.C., and Queen Charlotte islands, service between, $12,000.
Vancouver and the British West Indies, service between, $33,000.
Vancouver and northern ports of British Columbia, service between, $18,000.
Victoria, Vancouver, way ports and Skagway, service between, $12,000.
Victoria and west coast Vancouver island, service between, $10,000.

Local Services

Baddeck and Iona, service between, $8,000.
Charlottetown and Pictou, service between, $20,000.
Charlottetown, Victoria and Hollidays wharf, service between, $6,000.
Chester and Tancook island, winter service between, $1,600.
Grand Manan and the mainland, service between, $33,000.

Halifax and Bay St. Lawrence, service between, $2,000.
Halifax, Canso and Guysboro, service between, $6,750.
Halifax and Sherbrooke, service between, $900.
Halifax, LaHave and LaHave river ports, service between, $2,000.
Halifax, South Cape Breton and Bras d'Or lake ports, service between, $3,500.
Halifax, Spry Bay and Cape Breton ports, service between, $4,000.
Halifax and west coast of Cape Breton, service between, $4,000.
Ile-aux-Coudres and Les Eboulements, service between, $1,100.
Mulgrave, Arichat and Canso, service between, $33,750.
Mulgrave and Guysboro, calling at intermediate ports, service between, $9,500.
Murray Bay and north shore, winter service between, $40,000.
Parrsboro, Kingsport and Wolfville, service between, $1,500.
Pelee island and the mainland, service between, $8,250.
Pictou, Mulgrave and Cheticamp, service between, $11,000.
Pictou, Souris and the Magdalen islands, service between, $37,500.
Quebec, Natashquan and Harrington, service between, $85,000.
Quebec, or Montreal, and Gaspe, calling at way ports, service between, $60,000.
Rimouski and Matane and points on the north shore of the St. Lawrence, service between, $50,000.
Rivière-du-Loup and Tadoussac, and other north shore ports, service between, $8,000.
St. Catherine's Bay and Tadoussac, service between, $3,500.
St. John, Bear river, Annapolis and Granville and other way ports, service between, $1,500.
St. John and Bridgetown, service between, $800.
St. John and Margaretville, and other ports on the bay of Fundy, service between, $2,500.
St. John and Minas basin ports, service between, $5,000.
St. John and St. Andrews, calling at way ports, service between, $3,000.
St. John, Westport and Yarmouth, and other way ports, service between, $13,000.
St. John and Weymouth, service between, $1,000.
Summerville, Burlington and Windsor, N.S., service between, $500.
Sydney and Bay St. Lawrence, calling at way ports, service between, $25,000.
Sydney and Bras d'Or lake ports and west coast of Cape Breton, and Prince Edward Island, service between, $22,500.
Sydney and Whycocomagh, service between, $16,000.
Inspection of subsidized steamship services, $4,900.

Mr. REID: There is an increase of $100,000 for the Canada-New Zealand service. Would the minister be good enough to explain that increase and tell the committee when these subsidies expire and when new contracts must be signed?

Mr. EULER: This is a one year contract, and it constitutes practically the only increase

in subsidies. It is a service carried on by the Canadian-Australian line of which the Canadian Pacific railway is half owner. I think the Union Steamship Company owns the other half. This company has very strong competition from heavily subsidized United States lines, and representations were made to the department that in all probability the service would have to be discontinued unless the subsidy was increased. I think it is the intention of the company next year to provide new steamers on this service, when possibly they will apply for a further increase. In view of the importance of the trade that we have with New Zealand it was thought necessary to make sure that the service would be continued. I admit to the committee at once that it is not very much to my own liking to make any increase. In some cases decreases have been made, which have been emphatically protested against. In this case, however, we thought the increase was justified because of the tremendous competition to which this company is being subjected and more particularly because of the importance of the trade carried on between Canada and New Zealand.

Mr. STIRLING: Is there not also pretty severe competition with regard to the China service, where there is a reduction of $149,000?

Mr. EULER: There is competition, yes; I must admit it. To be quite frank, the reduction occurs in that subsidy because of the desire to decrease the expenditures of the government all along the line wherever possible: We have been saying and many people have demanded, although not everyone agrees with this, that we ought to make some attempt to balance our budget, and I think about the only way that can be done, unless it is desired to increase taxation, is by decreasing expenditures. This particular decrease was made for that reason.

Mr. STIRLING: What company has this service?

Mr. EULER: The Canadian Pacific railway.

Mr. STIRLING: The China service also?

Mr. EULER: Yes.

Mr. WOODSWORTH: When representations are made seeking an increase, may I ask what statement is required from the company? Does the department receive an itemized statement as to the cost of the service, and so on?

Mr. EULER: Yes; we ask for and receive the financial statement covering the operations of the previous year, showing what their loss or profit may have been. In all cases, I may say, in connection with these larger services quite heavy losses have been shown, especially after allowing for depreciation. As far as depreciation is concerned, one has to use one's judgment as to whether the amount estimated for depreciation is correct and whether the loss as shown is correct.

Mr. BENNETT: Lloyd's settle that for ships under their classification at four per cent per annum.

Mr. EULER: Nearly all these services show losses after allowing for depreciation. Practically all these services, the Atlantic service, the China service, the New Zealand service and others, carry mail, and if we did not grant a subsidy we would have to pay them a certain amount through the Post Office Department. I should be better pleased if the Post Office Department rather than the Department of Trade and Commerce had to pay for this, but in any case there would be some expense for carrying the mails, though the expense would not be as great as the amount of the subsidies.

Mr. COLDWELL: I should like to ask the minister how many ships this company has in operation, what is the size of the ships and how frequently they sail between Canada and New Zealand.

Mr. EULER: The New Zealand service has two ships, the Niagara and the Aorangi, sailing every four weeks.

Mr. COLDWELL: How large are these ships?

Mr. EULER: The gross tonnage of the Aorangi is 17,491 tons and of the Niagara, 13,444 tons.

Mr. PELLETIER: They both belong to the Canadian Pacific Railway Company?

Mr. EULER: Yes.

Mr. MacINNIS: Are they of Canadian register?

Mr. EULER: No; they are registered in London, England.

Mr. MacINNIS: Before any subsidy was granted, was any investigation or any report required by the government as to wages and working conditions on these ships?

Mr. EULER: I am afraid I must tell my hon. friend that there is no such specification in the contract and, so far as I know, there has been none. We might be able to insert something of that kind in future, but as yet there has been no stipulation with regard to wages.

Mr. MacINNIS: I raised this question several years ago with a former Minister of Trade and Commerce, and on one occasion it was stated that the matter would be looked into. It is very important that when this government grants a subsidy or any other assistance to a private institution, some stipulation should be made as to wages and working conditions involved, just as is done in contracts for public works.

Mr. COLDWELL: I should like to follow that up with another suggestion. This subsidy is fairly heavy, and it seems to me that the department might inquire into the kind of labour that is used on these ships, inquire into the conditions as suggested by the hon. member for Vancouver East and inquire whether British subjects benefit from these subsidies in the receipt of wages and salaries. That is an important point. We are paying these subsidies and we should endeavour to see exactly how the money is spent, and what the working conditions are.

Mr. MARTIN: Does the subsidy for the service between British Columbia and South Africa apply to travel both ways? That is to say, does it apply in the case of travel from South Africa to Canada?

Mr. EULER: It applies only one way. This is a three year contract not yet expired.

Mr. MARTIN: Am I to understand that it applies only to travel from Canada to South Africa?

Mr. EULER: Yes; the boats return by way of India, I understand. There is no subsidy for that.

Mr. WOODSWORTH: Regarding working conditions and wages, we have had this matter up from year to year, and from time to time we are informed that it will be looked into. I do not think that is good enough. We have the Canadian Pacific Steamships on the west coast operating a number of boats manned by Chinese crews instead of by Canadians. I have nothing in particular against the Chinese if they are paid reasonable wages, but the Chinese are employed because they work more cheaply than do Canadians.

Furthermore the complaint is made to me again and again that when these ships need repairs, instead of their being repaired in the dry dock at Vancouver the repair parts are frequently put on board the ship and taken to China and the work is done in China. I do not see why we should give these huge subsidies to ships of British register, manned almost entirely by English officers although again I have no objection to Englishmen; but what is more serious than all is having people of other nationalities working at a very low wage. Just as we recognize that there should be a fair wage clause in contracts for public works, so surely there should be as a condition of any subsidy a provision for fair wages and labour conditions, and I think we should have some assurance from the minister that there will be.

Mr. REID: I hope the minister will not take all the remarks of the last speaker very seriously, because I strongly object, even if Chinamen were being paid the same wages, to hiring Chinamen from Hongkong. I have a resolution on the order paper for discussion later, but I do object to hiring men from foreign countries for Canadian or British ships.

Mr. WOODSWORTH: I am sure the hon. member for New Westminster will back me up in insisting that we should have control over conditions of labour on board these boats.

Mr. REID: Yes, I will.

Mr. JACOBS: How can he back you up when he says you are not to be taken seriously?

Mr. EULER: I suppose the subsidy is given on the basis of service rendered. Perhaps the government in giving Canadian money to these steamship people should have something to say in regard to the wages paid. Of course this is a factor; if we did insist on this point, these ships would not employ Canadians, because they are not ships of Canadian registry. And if it were insisted upon that Canadians be employed undoubtedly the operating expenses would be much greater and doubtless a higher subsidy would be demanded, and would be justified. So we enter the field of what is the right and proper thing to do, whether the government of Canada should constitute itself the guardian of wages generally. I am not prepared to say as to that. There is something in what my hon. friends say, that we should insist that higher wages be paid and that white labour be employed, but I am credibly informed that it is practically impossible to obtain all white labour in the service of these vessels. Oriental labour could not be replaced by white labour without greatly increased expense, and I am told that it is absolutely impossible to obtain white labour to do some of the work on these vessels. I am perhaps not as familiar with this as I might be, but I shall be glad to look

into it again. I cannot give any undertaking at the moment that I would be disposed to hold up the subsidy if these boats did not accede in every respect to the request that my hon. friends are making. I say that with all respect to their opinion.

Mr. KINLEY: I quite agree with the sentiment expressed by the hon. member from British Columbia. This is a vital question in Nova Scotia as well. Any government in paying a steamship subsidy should protect its own nationals. We should protect our seamen upon the sea; other countries are doing this. We are subject to competition which as a young country we cannot face. Perhaps the Merchant Shipping Act is more to blame than is the Department of Trade and Commerce; that question will come up later. But I want to assure the hon. gentlemen that I shall be behind them in every effort to protect the interests of our Canadian seamen.

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

Mr. THOMAS REID (New Westminster) moved the second reading of Bill No. 2, to amend the Railway Act (rates on grain).

He said: Mr. Speaker, the bill which I have introduced and which is before the house this evening has been brought before the house by myself for the fifth time, I believe, since 1930. Having on previous occasions gone very fully into all aspects of the appeal which we in British Columbia have been making for equality in freight rates, it will perhaps not be necessary for me this evening to go as fully into the matter as I have done in former years. Nevertheless it might perhaps be well for me to mention some of the salient points connected with the fight which we in British Columbia are now and have been waging for many long years past.

It might not be amiss for me to say—and I do not believe I am over-optimistic—that we are expecting during the next four or five years some better results than we have had in our fight on this question from 1930 to 1935.

At the outset, Mr. Speaker, let me assure you and the house, for the benefit of the new members particularly, that in the appeal which British Columbia is making through the medium of this bill we are not asking for any special consideration. The people of British Columbia are asking simply that they be granted that equality in the matter of freight rates which has existed in the other provinces since the railways first came into existence.

I would ask you, sir, and also hon. members, why it is that when grain is hauled from Calgary or Edmonton eastward it is designated simply as grain, and yet when similar grain leaves the prairie provinces and heads towards the Pacific coast the railway experts or the railway companies classify it as either grain for export or grain for domestic use. They are, in other words, actually saying to the shippers: Is this grain going to be consumed in British Columbia? Because if it is we are going to charge you twice the freight rate that we charge the people of Japan or Great Britain for transporting similar or better grain. That, in fact, is what the railways are saying to shippers and users of grain, and they have persisted in saying it for many, many years.

Now this differentiation and inequality cannot be based upon the ground that it costs more to haul grain into British Columbia than it does to haul grain eastward either to the maritime provinces or to Fort William, for might I point out that the cost of hauling grain into British Columbia is not any greater. As a matter of fact, the actual evidence which was produced in the different appeals which have been heard on this question shows that there is no railway expert competent enough to tell exactly what it costs to haul one ton or one pound of grain.

Then again, there has been in the minds of many people that old story about the mountains; that due to the extra grades and extra engines required, and so forth, the people of British Columbia must necessarily pay a higher freight rate than do the people of the east. I shall not go into that question in detail, but I have before me records to show that not only were construction costs of the railways into British Columbia less than in other parts of the dominion, especially into Fort William, but maintenance and upkeep costs, pusher mileage and all that goes into railway operation are much less in British Columbia than in the eastern provinces. It cannot be too often repeated, that the Canadian National railway line into British Columbia has the lowest grade in the Dominion of Canada. I want to repeat that: The Canadian National railway line into British Columbia is the lowest grade of any in the dominion.

Mr. BENNETT: Mountain grade.

Mr. REID: Mountain grade or any other grade. I can give the grades if the right hon. leader of the opposition wants them. I can give the grades into Fort William. It is a low level water grade, and the question just interjected compels me to repeat what I have said because it would seem that not all members believe or fully realize the truth of the statement I have made. I repeat that we have into British Columbia over the Canadian National railway the lowest grade, mountain grade or prairie, in the Dominion of Canada.

I am now going to make the strong statement that the freight rate structure of Canada is antiquated and should be thrown overboard. The railway experts in my opinion are actually blocking the progress of this country by always raising the question of through rates, export rates and such like. They do not seem to realize that we are living in a day of progress with motor transport, and the people of this or any other country are not interested in these special arguments that experts bring forward. What the people of this dominion are primarily interested in is how much or how little it will cost them to transport their produce. It is service they are looking for to-day, and I want to repeat that in my opinion the railway experts are just blocking the progress of this country, and indeed, to the detriment of even the railways themselves.

I am glad that at the dominion-provincial conference the transport question was considered. True, it was not the railway problem which we have that was under discussion but the question of transport, and I was pleased to note in the bulletin which was placed in the hands of every member of the house the following recommendation with regard to the regulation of traffic:

> 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 the railway companies and communicate such 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.

I wonder how the Canadian people would feel if different rates existed in this country for hauling passengers over the same route or over routes of a like distance. Just to show how idiotic some of the freight rates charged are, I shall give the rates on only a few products. Take coal, eggs, butter, dressed poultry, fresh meats and canned goods hauled from Calgary or Edmonton into Vancouver or New Westminster. The rate on eggs from Edmonton to Vancouver is $1.10, but if a shipper wants to ship back those same eggs from Vancouver to Edmonton over the same route and by the same train, the cost of transport being no greater, he is charged $1.13. And the same is true with regard to butter. The rate from Edmonton to Vancouver is $1.37 per 100 pounds, but if you wanted to ship that back to Edmonton, oh, it would be just too bad, for the railways would say: We will charge you $1.49. And so on down the list. One could mention five hundred different commodities going over the same route and over a like distance where one rate is charged going to the coast and a higher rate coming back. These railway experts have a fine system. They will tell you that that is the through rate, or advance some other argument, and so we find ourselves blocked always by these so-called railway experts.

I shall give only one or two more instances because I have dealt with the matter very fully on previous occasions. I quite realize that this is not the place to make a complete new freight rate structure for this country; I admit that quite frankly. I quoted what I did with a view to bringing home to hon. members a realization of the idiotic, chaotic and archaic system which has been in existence in Canada for many years. I maintain that the continuance of such a system is blocking progress and is hindering trade. I warn the railroads, as I have warned them before, that if they do not wake up and get rid of some of these railroad experts they will find their rail traffic will have completely disappeared and gone into the hands of motor transport companies. The railroads should consider what has been done in other lands, particularly in Great Britain. In that country a great advance has been made during the past year in railway transportation, but here it seems that the railways are not inclined to make any progress. We have the same old system that was in existence in 1867. The people are now, however, demanding a service at a reasonable price and they are not interested in through rates and expert excuses or arguments.

Mr. WOODSWORTH: If general freight rates cannot be discussed in the house, how can the hon. member contend that a particular matter can be brought before parliament and discussed regardless of the general freight rates structure?

Mr. REID: If I understand the hon. member rightly, he is asking whether it is right to discuss one particular freight rate when general

freight rates should not be discussed. This I might say is a very particular rate and, besides, parliament has dealt with the question already. In 1897 the Crowsnest pass agreement was put into effect by parliament. This matter was taken up again in 1925 when parliament dealt with the hauling of grain and flour. While there may be something in the argument that this is not the place to discuss general freight rates, the fact remains that parliament dealt with this matter back in 1897 and affirmed it in 1925 when certain amendments and changes were made to the act. I think it is quite proper to bring up in the House of Commons a matter pertaining to the hauling of grain and grain products, a subject which has been dealt with by previous parliaments.

There are one or two points I should now like to make clear for the benefit of those new members who were not here when this argument was advanced previously. The distance from Calgary to Vancouver is 642 miles, while from Edmonton to Vancouver it is 776 miles. The railway board have, however, laid down the rule that freight rates must be computed on the same distance, although the Canadian Pacific railway have an advantage of over 134 miles. Grain leaving Edmonton or Calgary for export, say to Japan or China is carried the 642 miles for 20 cents per hundred pounds. The same grain is carried from the same points to Fort William, a distance of 1,242 miles, for 26 cents. If the grain routed westward is intended, however, for consumption within British Columbia, then the freight charges are quite a different story. Until some small change was made in the tariff arrangements we were called upon to pay, not 20 cents per hundred pounds but 41½ cents per hundred pounds. That is what we have to pay on our mill feed requirements which constitute 50 per cent of the needs of the poultry farmer or the dairyman.

I well remember when I introduced this bill for the first time. There were certain members from the maritime provinces who took the view that if British Columbia was given any concession they would have to rise in their places and demand some concessions for the maritimes. Let me say to the various members from the maritimes that if we had the same rates enjoyed by the maritime provinces I do not think they would hear much of a kick from us.

I should like to give one or two further instances of haulage distances and freight rates in an effort to show the injustice which British Columbia has suffered for many years. The distance from Fort William to Quebec is 1,142 miles and the rate is 18¾ cents per hundred pounds. Compare that with the 41½ cents paid for 642 miles from Edmonton and Calgary to the Pacific coast. The distance from Fort William to Halifax is 1,723 miles and grain is hauled this distance for only 26 cents per hundred pounds. Do the railways use cheaper labour, less coal or are their running expenses lower for hauling to the maritimes than they are for hauling to British Columbia? The fact is that the crews receive practically the same wages in both instances and other expenses are the same. As I have pointed out before, grades are lower over the Canadian National Railways into British Columbia and maintenance costs are less than is the case on many divisions around Montreal or Quebec or Fort William. The construction costs in the first instance were also much lower.

Mr. VENIOT: What is the domestic rate on western grain to the east?

Mr. REID: I believe the domestic rate is some 46 cents for the 1,723 miles, but we are paying 41½ cents for 642 miles.

Mr. RYAN: Is the hon. member comparing the home consumption rate with the export rate?

Mr. REID: There is just one rate from Fort William to Quebec, but there are two rates applying from Fort William to Halifax. The export rate is 26 cents while the domestic rate is 46 cents. The export rate to British Columbia is 20 cents as compared with 41½ cents, domestic. When I previously introduced this question the then Minister of Railways, Mr. Manion, had a great number of figures before him and he insisted upon comparing rates charged in Canada with those charged across the line in the United States. Apparently the railway experts had let him down on that occasion, because I pointed out then, as I am going to point out again, that rates from the wheat fields of Montana to the poultry and dairy districts of Washington are more reasonable than those from the prairie provinces to British Columbia. I would point out also that in the United States the grades are far heavier because of the lay of the land on the Pacific coast. The further south you go the higher are the mountains. Edmonton is 1,800 feet lower than Calgary and Seattle is about as much higher than Vancouver.

Let us now see what poultrymen in the state of Washington are getting in the way of rates. I intend to take distances almost comparable with those I have quoted already. The distance from Montana to Seattle is 732 miles and the rate is 30½ cents. Poultrymen and dairymen

in the state of Washington are able to obtain their feed requirements much cheaper than we can in British Columbia. This afternoon we were discussing poultry. Let me point out this interesting fact, that the extra cost we are called upon to pay when we purchase grain for domestic purposes, as compared with that which our competitors have to pay, is equal to two cents on each dozen eggs. That is how it works out on the average per year per hen —I am taking 132 eggs yearly as the basis of my calculation. If we in British Columbia enjoyed the same rate as is accorded export grain, we should save at least two cents a dozen on our eggs.

Again, take Bozeman in Montana, a distance of 764 miles. Grain is hauled there for 31½ cents, a greater distance than in the case of grain coming from Edmonton and Calgary; and what is more, it is hauled over higher and steeper grades, because coast grades into the state of Washington are far greater than grades into British Columbia.

I have not, at this time, gone very deeply or at any great length into the question of freight rates as affecting grain and grain products. I could go quite fully into the subject, but I do not wish to weary the house; having introduced this bill for the fifth time, I do not want to be considered a nuisance by discussing the matter at great length on every occasion. As I have said, however, each time I have brought it in, I intend to keep at it until we in British Columbia obtain some measure of equality of treatment. I intend to keep up the fight, not from a personal point of view, but on behalf of our people in British Columbia who have been called upon to pay extra millions of dollars as compared with what people in other parts of the dominion pay, and rates they have enjoyed for many years.

The few remarks I have made with respect to comparative rates should bring home to every hon. member the idiotic system under which this country labours. The railways want trade, and they could build up trade if they went about the matter properly; but they will never build up trade unless the rates are better adjusted. Moreover, as time goes on, they will have to meet more serious competition on the part of the truck. I know that two years ago and last year trucks were hauling apples from Okanagan into Vancouver to the disadvantage of the railways, and as roads improve motor transport will certainly steal more traffic from the railways so long as they keep within the shell that surrounds them, sticking to the old system instead of meeting competition squarely or giving to the people service for the money paid out for transportation.

Let me say this to the new Minister of Railways (Mr. Howe). It would be well for him when investigating the railways to note that in the United States better consideration is given shippers of mixed cargoes, and manufacturers as well, than is given the people of this country in the matter of railway freight rates. Almost, if not quite, on every occasion that I have brought up this subject I have been told that this is a matter not for the House of Commons, but for the board of railway commissioners. Well, I have stated previously and I state again that British Columbia can never hope for justice from the board of railway commissioners.

Mr. HEAPS: Why?

Mr. REID: Why? I can tell you why; it is because the board is always, in the words of Edward Bellamy, looking backward. Every time we go before the board of railway commissioners with our plea for justice the statement is made—I have it under my hand—"Well, judgment was rendered on this question away back in 1917 and later and so we cannot alter that decision." How in the name of heaven can you overcome an attitude like that? I am not unmindful that the present interrupter would have liked to support the measure, but he was afraid that if freight rates were lowered the railway men might suffer a reduction in wages.

Mr. HEAPS: I have never made a remark of that kind. I am not, as the hon. member implies, objecting to a lowering of the freight rate structures, but I do object to parliament being a freight rate fixing body.

Mr. REID: Just the old, old story. This is an old story and I suppose it has to be told until it is taken in. The hon. member for East Kootenay (Mr. Stevens), in a speech this year, said that this was the court of the common people, the highest court in the land. Having found ourselves up against a stone wall in the shape of past judgments rendered by the board of railway commissioners, we now come into this house, the court of last resort, with the cry of the common people of British Columbia that steps be taken by this parliament and by this government to remove the injustice that was done long years ago and repeated in 1925 when the act was changed and we in British Columbia were left out and discriminated against while those in the east were allowed to enjoy a measure of reasonable freight rates.

The railways usually put up the old argument: If we reduce rates we shall go out of business; times are bad. That cry was made in 1925 and in 1926, but anyone who will look at the records will find that when export rates

were reduced, Pacific coast ports became the chief exporting ports of the dominion, and trade increased. It may interest the new members of the house to know, if they are not already aware of the fact, that in 1933 through the ports of Vancouver and New Westminster more grain was exported than through all the eastern ports put together.

I realize the objection put up by milling companies, boards of trade and other bodies, but I submit that it is time we had a real confederation of provinces in this land, and there can be no real union or confederation so long as one province is kept out and treated like a stepchild.

Mr. VIEN: Is it not a fact that the movement of grain towards Vancouver, which the hon. gentleman has just informed us has increased considerably, has been the result of the decision of the board of railway commissioners in 1927, in the general freight rates investigation, wherein rates on export traffic westbound to Vancouver were lowered to the same basis as rates on the same traffic moving to Fort William?

Mr. REID: Before I answer that question may I say that I am very glad to have in the house a former member of the board of railway commissioners; I am particularly pleased, because this discussion should become interesting indeed. And let me say to the commissioner, now that I have him in a place where I can speak to him—

Mr. VIEN: Former commissioner.

Mr. REID: Former commissioner. The rates were presumably lowered, and if any reduction was given by the board of railway commissioners it was only after a great deal of fighting and the expenditure of a lot of money, but they are not yet down to the Fort William rates. On their face they are, but mile for mile they are not.

Mr. VIEN: May I correct the hon. gentleman? They are on exactly the same basis through Edmonton except that there is a constructive mileage through Calgary on account of the higher grade.

Mr. REID: Yes, that is the kind of statement we hear from the railway experts. We have 642 miles for 20 cents, Calgary or Edmonton to Vancouver; 1,242 or 1,238 miles from Edmonton to Fort William, 1,242 miles from Calgary, for 26 cents per hundred pounds. Is there any man with pencil and paper who is good at mathematics? We have 642 miles, 20 cents; 1,242 miles, 26 cents. And then the hon. member said that we have had export rates as in existence to Fort William. Perhaps I am wrong, but I have to be shown.

I see my time is going on, and I want to close before my forty minutes are up. I make an appeal to the government and to parliament to give serious consideration to this bill of mine. It is not something in the nature of favoritism for British Columbia. It is a question of equality, to allow our poultrymen and our dairymen to have a chance in the markets of the world as against the producers of other countries. It is certainly galling to find, as we did last year, that there was a time when we could have sent to Japan, bought good Canadian grain, brought it back into the Fraser valley and saved twenty-five cents a ton over grain brought directly from the prairies. Just think that out. Grain that had left the prairies, was hauled to Vancouver or New Westminster, and shipped across to Japan, and we could have sent to Japan, bought that grain, brought it back into the Fraser valley and saved twenty-five cents a ton. We ask that this grievance be investigated and rectified so as to give us justice and equality. The plea is generally raised that these are through rates, and this rate, and the next rate. It is just about time we examined very minutely some of the railway experts who have been giving such advice to the heads of our railway companies.

Mr. THOMAS VIEN (Outremont): I did not intend taking any part in this debate, but I would like to correct a few misconceptions which apparently exist in the mind of the hon. gentleman (Mr. Reid) who has just resumed his seat. I think that I can boast of being as sympathetic as any man in this house to the claim of British Columbia for equal treatment. I am not here as a railway commissioner to defend the board, nor even indeed my own decisions. But these questions of freight rates dealt with by the board involve many and very complicated factors. In the first place, the fundamental principles underlying rates on freight for export are not the same as those underlying rates on freight for domestic consumption. If you do not give to the Canadian exporter a rate enabling him to compete in the markets of the world you simply shut him out of those markets. Grain and other products reach foreign markets from various countries where a shorter rail and ocean haul, and sometimes cheaper labour conditions obtain.

In the course of the general freight rates investigation, rates affecting the movement of traffic for export to Vancouver were considerably reduced, and I may say to my hon. friend that rates on grain from any points in the prairies to Vancouver for export are today exactly the same as those applying to the

same product moving to Fort William. These rates, however, were predicated upon the mileage through Edmonton. The mileage from Edmonton to Vancouver, if my recollection is correct, is 768 miles, and from Calgary to Vancouver, 644 miles. There is a network of railways in the prairie provinces; our two railway systems compete for the traffic originating there, and there is interswitching on their lines at many points. If rates on grain to Vancouver were fixed on the mileage of the Canadian Pacific railway from Calgary to Vancouver, that is 644 miles, on account of the competitive condition existing between the two systems, the Canadian National Railways would be obliged to assume the Canadian Pacific mileage.

Mr. REID: Would the hon. member let me ask him a question?

Mr. VIEN: With pleasure.

Mr. REID: If that is the case, why did that not take place in connection with freight rates from Fort William to Montreal, where the Canadian National charge 11 cents as against 30 cents charged by the Canadian Pacific railway?

Mr. VIEN: I do not know of any rate of 30 cents on the Canadian Pacific railway as against—

Mr. REID: Those are the figures I got.

Mr. VIEN: —as against 11 cents on the Canadian National railways, unless my hon. friend refers to the all-rail rate and the lake and rail rate from Fort William to Atlantic sea ports. This is a very different question which on some other occasion, I should be glad to discuss. For to-day it should suffice to say that rates from Fort William to the seaboard are controlled by statutes enacted in this parliament, namely the Grand Trunk Pacific and National Transcontinental Railway Acts, whereunder an expenditure of $330,000,000 was authorized to provide that rates on grain and grain products for export should at no time be higher via Canadian channels than rates via United States ports. That was the reason why the board directed that rates on the National Transcontinental railway from Fort William to Quebec in summer to Saint John and Halifax in winter, should never be higher than the lake and rail rates on similar goods via United States north Atlantic ports. I repeat that this is an entirely different problem having no bearing on the question before the house.

The purpose of this bill is to extend the Crowsnest pass agreement rates on grain and grain products moving from Fort William to Vancouver and it sets aside the fundamental principles governing the differential which should exist between rates on traffic for domestic consumption and traffic for export.

Mr. PELLETIER: If that is the case, and the hon. gentleman is defending this proposition on a mileage cost basis, can he explain why to haul grain 283 miles from the Peace River country to Edmonton costs 24 cents per hundred pounds, but if you ship that grain to Vancouver the additional cost is only two cents, though the distance is so much greater?

Mr. VIEN: I imagine that the rates to which my hon. friend refers are the rate from the Peace River district to Edmonton, a domestic rate, and the rate to Vancouver, an export rate. I was just addressing myself to that very question. If you built your rate on goods for domestic consumption on the same basis as your rate on traffic for export, our railways would soon be bankrupt, because there would be nothing left to take care of their overhead expenses and fixed charges.

Some hon. MEMBERS: Oh, oh.

Mr. VIEN: Some of my hon. friends do not agree with me on that point. I repeat that I am sympathetic to the case of British Columbia, but I am trying to explain that rates for export are intended to help the Canadian producer to reach his markets abroad. These rates should never be so low as not to allow the railways to meet their out of pocket expenses and a little more. Then you enable the Canadian producer to reach his foreign markets, and the railways without losing any money, get a little towards their overhead and fixed charges.

Mr. REID: I do not like to interrupt—

Mr. VIEN: I welcome my hon. friend's questions. I am trying to explain a very complicated problem.

Mr. REID: If the 20 cent rate on export grain from Calgary and Edmonton to Vancouver is a paying rate—and the railways have not denied this—why should British Columbia be charged 40½ cents? If it is not a paying rate why should the people of British Columbia have to make up the deficit?

Mr. VIEN: We have to distinguish between a paying rate and a not losing rate. If they get their out of pocket expenses following a shipment, our railways, in a sense, do not lose money, but they do not make any. If, however, you predicated your whole rate structure on that principle, where would you get your overhead expenses and fixed charges? Some

traffic must contribute to the overhead and fixed charges of the railway. The same principles do not apply to freight for domestic consumption and freight for export. Freight for export would not move at all unless you publish an export rate; freight for domestic consumption must move even at that higher rate. If you had the same rate structure on goods for domestic consumption and for export you would shift the load from the shoulders of the railway users to those of the general taxpayers of the country. We did our best for British Columbia in the course of the general freight rates investigation. We were even accused of having flattened the Rocky mountains. We ordered the railways to publish, on freight moving to Vancouver from any points on the prairies, the same rates as applied to traffic moving for the same distances to Fort William, except that because of competitive conditions, the Canadian Pacific, from Calgary to Vancouver, was authorized to assume the mileage of the Canadian National from Edmonton to Vancouver. The Canadian Pacific had a 2·2 per cent grade in the mountains, as compared with a maximum grade of one per cent on the Canadian National. But they had a shorter mileage of 124 miles. If this had not been done, the Canadian National Railways would have been obliged to reduce its mileage from 768 to 644 miles in computing its freight rates. This would have entailed a considerable loss to the two systems.

I therefore suggest, Mr. Speaker, that the rate structure on grain for domestic consumption cannot be predicated upon the same principle as that applying to rates on grain for export, and that the constructive mileage which was permitted to the Canadian Pacific between Calgary and Vancouver is amply justified.

Mr. A. W. NEILL (Comox-Alberni): While the argument of the hon. member for Outremont (Mr. Vien) was presented with all the ability of a clever lawyer and also the experience of a railway commissioner, yet we must regard it as rather an ex parte statement under the circumstances. The hon. member for New Westminster (Mr. Reid) and we other members from British Columbia will be apt to take the attitude of the man we read of in the bible whose sight was restored; the Pharisees gathered round and tried to get him to admit, first, that he had never been blind, and, second, that his sight had not been restored. But he swept aside their sophistries and said, "All I know is that whereas once I was blind now I see." So when we have passing our doors on the railways, trains with forty cars of feed of which twenty-five are going to the orient, hauled at a rate of 20 cents per hundred pounds, and the remainder which are coming to British Columbia, costing under identically the same circumstances 41½ cents per hundred pounds, we see the matter as does the hon. member for New Westminster.

There are one or two facts that I want to mention before nine o'clock. The hon. member who spoke last referred to export rates. I would ask this question: Is the export rate profitable to the railways. One would think it is, because they are very anxious to get that traffic. If it is profitable for export it must be equally profitable for domestic use.

Mr. VIEN: If the hon. gentleman will allow me—

Mr. NEILL: I am sorry, I have not time—no discourtesy to the hon. member. Then we have this evidence, which is perhaps not known to many people: In the gallant fight put up by the late Hon. John Oliver, premier of British Columbia, aided by the hon. member for Vancouver-Burrard (Mr. McGeer), who is with us to-day, the export rate to Pacific coast ports was twice reduced in the last ten or twenty years, but on neither occasion was the domestic rate reduced in proportion; therefore, if the differential was correct before those reductions were made, it cannot be correct now. Then we have other evidence that our claim is just, because we had the late government putting pressure on the railways two years ago to make a partial reduction. The question was brought up on the estimates and we were objecting that the Conservative government of that day, following the precedent set by the Liberal government before them, had not given a decision. That is, the question had, as provided by law, gone to the cabinet on appeal from the railway commission, and the right hon. gentleman who now leads the opposition (Mr. Bennett) said that even if they had dealt with it their action would probably have been to send it back to the railway board, because he did not think that a body such as the cabinet, made up of men having the political viewpoint, was as well able to deal with that sort of thing as the board of railway commissioners, who have trained experts at their command. And I agree with that view; I think the appeal should be not to the cabinet but to the supreme court of Canada, where these matters could be threshed out without any suggestion of politics and with all the facts before the court.

Perhaps I may relate what is possibly just a matter of gossip, and which may be news to the leader of the opposition; but the gossip at that time was that he, being then Prime Minister, was so impressed by the merits of our case that while he took the attitude I have indicated and said that the cabinet would not decide the question, yet it is rumoured that he met Sir Edward Beatty and said to him, "Beatty, if you don't do something about that rate, we will." At any rate we know that shortly afterwards there was a getting together of the railway men and the then Minister of Railways, but unfortunately the minister was not a practical railway man while Sir Edward Beatty and the Canadian National men are thoroughly practical, and they put it over Doctor Manion, aided, I am sorry to say, by the acquiescence of the premier of British Columbia, Doctor Tolmie. The reduction was that half the differential between the two rates was taken off. Had this applied to all grains and grain products, that would have been a substantial measure of redress, but it applied only to grain, and only to certain classes, No. 4 wheat I think, and lower; it did not apply to mill feed, bran and shorts, which constitute the greater proportion of the trade. When I brought that up in the house I was confronted by the Hon. Doctor Manion with the statement that the premier of British Columbia had acquiesced, which I am sorry to say was true; he either did not understand the question or did not take sufficient interest in it. Had he held out to have the reduction apply also to mill feeds, this would have helped a great deal.

So while I am of course supporting this bill, because that is the only method of redress we have, I submit that if the government of the day cannot see their way to let it go through they should at least act along the line I have indicated, have a meeting with representatives of the two railways and get a substantial reduction in the rate on No. 2 wheat and lower—that is higher numbers but lower quality. I would not ask it for milling wheat because there are factors involved concerning competing shipments to Seattle, but on No. 2 tough wheat, which makes good chicken feed, and lower grades of wheat and coarse grains and all mill feeds, such a reduction would be a great relief to British Columbia.

Mr. DANIEL McIVOR (Fort William): There were two terms used in the debate so far that interest me very much; one is Fort William and the other is Doctor Manion. Doctor Manion was the former Minister of Railways and I pay my tribute to him as a clear-headed and able man.

The present Minister of Railways (Mr. Howe) comes from a place which in the minds of some people is of even more importance than Fort William, namely, Port Arthur. I look to the present Minister of Railways for fair play, which I think is all the hon. member for New Westminster (Mr. Reid) seeks. I do not know whether he is an athlete; I used to do a little in that line and the thing we appreciated was fair play. We in Fort William and Port Arthur are not so much interested in freight rates on wheat as in rates on flour; they are practically the same thing. Why is it that you can ship flour from Winnipeg to Toronto or Montreal at as low a rate as from Fort William? Why can you ship certain types of goods from Toronto or Montreal to Winnipeg as cheaply as to Fort William? Why is it that we find it cheaper to ship a certain type of goods from the east to Murillo, which is a small town out of Fort William, and back again cheaper than to Fort William? I know these things will be straightened out by the minister, and I am going to bide my time because I can trust him and have trusted him all the way through.

Mr. SPEAKER: The hour for private bills having expired the house will revert to committee of supply.

SUPPLY

DEPARTMENT OF TRADE AND COMMERCE

The house in committee of supply, Mr Sanderson in the chair.

Mail Subsidies and Steamship subventions—Atlantic ocean, Pacific ocean, local services, $2,086,850.

Mr. MacNICOL: When the committee rose at six o'clock I was on the point of asking the minister a question in reference to a statement that had been made that Canadian ships plying between lower British Columbia ports and ports in northern British Columbia and receiving a subsidy are manned by oriental crews. My question is based on some information that came out last session before a committee of which I was a member, that quite a number of these oriental members of the crew are not Canadian orientals but were signed on at Hongkong, Shanghai and other asiatic ports. Is there anything that the department can do to ensure the employment of Canadians on these ships in preference to asiatics signed on in Asia?

Mr. EULER: Perhaps I might make reference to the report of a committee, the chair-

man of which was Mr. Turnbull, of Regina, that was appointed last session to inquire into this subject. I shall read not the whole reference but what I think is the important part:

That it be resolved that the question of employing greater numbers of white Canadian citizens on all ships and vessels of Canadian ownership and registry the owners of which receive a grant of money from the treasury of Canada be referred to the standing committee on industrial and international relations.

That committee sat and took evidence, and I shall read what is pertinent in their report and which, I think, will answer partly, at least, the question asked by my hon. friend. The committee reported with respect to subsidies on the trans-Pacific route, and I take it that my hon. friend referred to that.

Mr. MacNICOL: No, to the coastwise trade between Canadian ports on the Pacific.

Mr. EULER: I will read that part of the committee's report:

It appears from the evidence that there is no contract between any department of the government and the steamship lines engaged in such trade requiring the employment of any proportion of white Canadian citizens. It was represented by witnesses from the departments of government concerned that with respect to freight traffic, Canadian lumber is being carried into a highly competitive market in competition with subsidized American ships carrying American lumber, and that any change that might result in increased cost might endanger that portion of Canadian export trade; and that with respect to the passenger trade there is the additional difficulty in employment of white Canadian citizens where a substantial portion of the passengers are oriental.

The report continues, and this perhaps touches more closely the question my hon. friend was asking:

The evidence submitted establishes that the ships engaged in the coastwise trade, the owners of which receive subsidies, are required by contract to employ British subjects to the extent of two-thirds of their full personnel but these British subjects are not required by the contract to be white Canadian citizens.

Mr. MacNICOL: Did the minister say two-thirds?

Mr. EULER: Yes. The report goes on:

This term of the contract is being fully carried out in all cases and as a matter of fact it appears that more than the required two-thirds are white as well as British. The evidence established to the committee that no change in the contracts with respect to employees has been made in recent years.

I might perhaps read the next paragraph, which replies in a measure to the representations that were made by my hon. friend from Winnipeg and some others:

Your committee are of the opinion that while in view of economic conditions and the keen competition existing for international trade the carriage of freight and pasengers should not be unduly hampered and while it appears from the evidence that owners of ships referred to are making reasonable efforts to comply not only with their contracts but with the spirit of the resolution referred to the committee, nevertheless the departments of government concerned should be urged to continue to keep close check on the operations of such ships so as to secure the employment of as many white Canadian citizens as is reasonably possible.

So far as the department is concerned I shall certainly be glad, without attempting absolutely to dictate, because I think that would not be a successful effort, to use such influence as the government may have, to induce these people to employ on their boats British subjects of the white race. I do not know that I can say any more with regard to that at the moment.

Mr. COLDWELL: Does the New Zealand government also give a subsidy to these same ships plying between Canada and New Zealand?

Mr. EULER: Yes; the New Zealand government gives a subsidy of £20,000, or $100,000.

Mr. COLDWELL: I should like to make this further observation. We have had a great deal of discussion on this particular point, and a number of matters have been raised on which no information can be given at the moment, as to labour conditions, the type of labour employed, whether white or coloured sailors are employed, and to what extent it is necessary to use one class or the other. This afternoon the minister said that it was almost impossible to obtain white labour on these ships. But I would point out that plying from Great Britain to other parts of the world there are ships of similar type manned by white seamen, and consequently I do not think that argument holds good. In view of this very large subsidy that we are being asked to vote, $300,000 a year for two ships sailing to New Zealand, I think this item should stand over until we have more definite information regarding the matters that have been raised and as to the conditions surrounding this subsidy.

Mr. EULER: I am not sure that any particular purpose will be served by allowing the item to stand for further information. There is no question at all that a good many Chinese are employed on these vessels. Perhaps I can give my hon. friend some of the information he wants now. The total number of Chinese employed on the Empress of

Russia and the Empress of Asia is 871. These are the two ships of Canadian registry, the other vessels being registered in London. There are about eighty white men employed on each vessel, and on the average a few more than 400 orientals, Chinese.

Mr. DOUGLAS: Has the minister any idea what it would cost to establish a mail service to New Zealand if this steamship service was stopped?

Mr. EULER: Does my hon. friend mean on government boats?

Mr. DOUGLAS: The minister said this afternoon that if this service were to stop it would be necessary to spend some money on a mail service, and I am asking what it would cost approximately.

Mr. EULER: Does my hon. friend mean what it would cost to put on new boats?

Mr. DOUGLAS: No, merely to establish a mail service in the event of this steamship service being stopped if the subsidy were decreased.

Mr. EULER: We would probably have to use United States boats, and I do not know what sort of arrangement could be made with them to carry the mails. The cost of carrying the mails on these boats is about $100,000.

Mr. HEAPS: Is that in addition to the subsidy?

Mr. EULER: No, that is included in the subsidy.

Mr. MacINNIS: Referring to wages and working conditions on these boats for which a subsidy is being asked, evidently the department knows nothing about wages and working conditions, and I do not think it is enough for the minister to say that he will try to have as large a number as possible of white Canadian citizens employed on these boats. I am concerned not only about working conditions but about wages paid on these ships, and I am quite satisfied that if reasonable wages were paid, the class of white labour that could be employed would give the steamship company a much better service than does the class of oriental labour which it is now employing. We are not going to improve conditions by merely substituting low paid white labour for low paid oriental labour. That is not getting us anywhere. When we insist upon working conditions that Canadian citizens, whether they be white, yellow, black, brown or any other colour can accept—I am interested mainly in the fact that they are Canadians—then we shall be getting somewhere. Before this matter is finally settled I think the minister should be in a position to give us some information as to wages paid and working conditions on these boats.

Mr. DOUGLAS: I am absolutely opposed to the whole idea of subsidies. Members of this government went through the country stating that they were opposed to state intervention; that they believed in individual initiative, in ruthless competition and the law of supply and demand. However, the moment a company finds that it is not in a position to finance itself a request is made to the government for a subsidy of $300,000. When the minister was asked this afternoon as to working conditions aboard these ships he stated that as these two ships were under British registry, he doubted whether we would have any control over them.

Mr. EULER: The employment of Chinese does not enter into the question of this New Zealand service, which is the one asking for $300,000.

Mr. DOUGLAS: The minister was asked this afternoon as to the wages paid and the type of labour employed by these ships, and he replied that he doubted whether we could control them because they were not Canadian registered. I maintain that no matter what registry they may be under, if they come to parliament asking for a subsidy of $300,000 we should have something to say about the type of people they employ, the wages they pay and the conditions under which they expect men to work. If they are not willing to comply with these requests, I am sure that ships of Canadian registry could be found to take over the service.

Mr. KINLEY: Mr. Chairman, before the committee rose at six o'clock a suggestion was made to the minister that it be made a condition of subsidies granted to ocean going steamers that they hire Canadian sailors. This suggestion seemed to receive support from many hon. members. It is a policy which would be most advantageous to the maritime sections of Canada. Since I entered the house I have heard it said many times by members of every shade of opinion that the greatest problem facing this country is unemployment. I represent Queens-Lunenburg, a typical maritime constituency. While central Canada has a problem of unemployment in its cities, our problem is one of finding employment for our seamen. Most of our men have followed the sea since their childhood, and it seems to me that when we are considering unemployment we should consider the sailors who go down to the sea in ships. This matter has received

the attention of the Trades and Labour Congress of Canada. That organization held its fifty-first annual convention in the city of Halifax from September 16 to September 20, 1935, and at that time maritime labour received the endorsation of the Trades and Labour Congress of Canada. The following is from the report:

The Nova Scotia seamen's union won the support of labour throughout Canada with their resolution calling upon the dominion government to prohibit non-Canadian labour from being employed on governmentized ships in the marine trade. A trades and labour council resolution, of similar intent, but having to do with Dominion Coal boats, went back to the committee after the mine workers delegates stated that, so far as they knew, the Dominion Coal boats did not come under the freight subventions on coal.

The next day they passed the following resolution:

Resolution No. 37

The Halifax District Trades and Labour Council; the committee reported having amended this resolution by deleting all the words in the preamble following the word "seaman" which made specific reference to the employment of British seamen and chartering ships of British registry and recommended concurrence in the resolution reading as follows:—

Whereas the dominion government has been subsidizing the coal industry as carried on by the Dominion Coal Company, Limited; and whereas, these subventions have resulted in the sales of over 1,000,000 tons of additional through the St. Lawrence districts and west of Montreal, thus enhancing employment for the miners and datal men in and about the mines; and whereas. these subventions do not accrue to the benefit of the seamen. Therefore, be it resolved, that the Trades and Labour Congress of Canada bring this injustice strongly to the attention of the government with a view of having any further subsidies to aid in the promotion of the coal business made contingent upon the Dominion Coal Company, Limited, employing Canadian ships manned by Canadian seamen and paid the fair maritime wages obtained in Canada for such class of work for the said transportation of coal from the mines under their control to any points in Canada or Newfoundland.

When every industry in Canada is seeking protection of one kind or another, the seamen should come under the protective policy of the dominion. When the government grants a contract for supplying goods the contract contains the condition that Canadian goods shall be first and British goods second. Why should not the seamen of Canada be treated in the same way. While we support Canadian industry and Canadian manufacture by insisting that Canadian goods shall come first —I subscribe to this stipulation—we should also see that above all, Canadians should come first, in the coasting trade and, as far as possible, in the ocean going trade. It would be greatly to our interest if the minister could give us an assurance of this kind, but the road does not seem to be perfectly clear. In 1931, by the statute of Westminster, for the first time Canada obtained control over her men and ships upon the sea. That statute provided for the exclusion of the dominion from the provisions of sections 735 and 736 of the Merchant Shipping Act, and thus for the first time Canada obtained control over her shipping. However, concurrently with the passing of that statute Canada signed the British commonwealth merchant shipping agreement. This agreement was signed at London on December 10, 1931, the day before the passing of the statute of Westminster. I should like to quote part IV, which reads:

Article 10

Each part of the British commonwealth agrees to grant access to its ports to all ships registered in the British commonwealth on equal terms and undertakes that no laws or regulations relating to seagoing ships at any time in force in that part shall apply more favourably to ships registered in that part, or to the ships of any foreign country, than they apply to any ship registered in any other part of the commonwealth.

Article 11

While each part of the British commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British commonwealth in exactly the same manner as ships registered in that part, and not less favourably in any respect than ships of any foreign country.

Article 12

Nothing in the present agreement shall be deemed—

(i) to derogate from the right of every part of the commonwealth to impose customs tariff duties on ships built outside that part; or

(ii) to restrict the right of the government of each part of the commonwealth to give financial assistance to ships registered in that part or its right to regulate the sea fisheries of that part.

It is clear that under the statute of Westminster—and I am speaking as a layman, because I cannot argue this highly technical legal matter—we for the first time got control of our ships on the seas. But in the British commonwealth merchant shipping agreement, made concurrently with the statute of Westminster, we reverted to the status quo, and we have reciprocity in men and ships with the British empire.

Now the British are eminently efficient on the sea. Britain is a country with a maritime tradition, with years of service and achievement behind it as regards seagoing vessels; and if there is one game the British know it is the game of the mercantile marine and shipping. Therefore, when this or any other

government in this young country asks us to compete, absolutely without any protection, with the greatest shipping country in the world, we are doing something that will not help Canada to become a great shipping nation in the near future, or relieve unemployment which is of national concern.

The United States is also a great shipping country; it protects its ocean-going ships. Subsidized ocean vessels must have, for the first two years, one-quarter of their crews American citizens; for the third year one-third must be American citizens; and for the rest of the time one-half of the crew must be Americans. I submit, speaking in the interests of maritime Canada and especially of Nova Scotia, that something should be done to relieve unemployment among our men, men with captains' certificates and with long experience on the sea, who are on the beach with nothing to do. I receive numerous applications for positions on government boats; I am flooded with applications from men who have no employment. We have no great farms such as there are in central Canada, nor have we large manufacturing industries; and as a maritime people what can we do if our men are denied the opportunity to go on the sea? Our people must go on the sea, and they are efficient and can serve the country well.

I say to the Minister of Trade and Commerce and to the members of the government that parliament and government should do something to relieve unemployment among our seafaring men. Apparently we are bound by this agreement, and the minister's hands are tied with respect to the condition in connection with government contracts. I was surprised to hear him say that something had been done in British Columbia, and it occurs to me that perhaps there may be a way out of the difficulty. Provision is made for our giving subsidies, and if that gives us the privilege of stipulating, as a condition of any subsidy, that there shall be a larger number of Canadian seamen on the ships, then that should be done as quickly as possible. If a commission is appointed to look into the matter of unemployment, it will be my privilege to appear before that commission and point out that the people in distant parts of the country deserve some consideration and that the much talked of policy of "Canada First" should find its application in this regard.

Mr. BENNETT: I hesitate to trespass in this discussion, but in view of the experience that the late government had in connection with matters of this kind I think it desirable that I should make a statement with respect to some of the questions that have been discussed this afternoon and evening. The minister is new to his position and is perhaps unaware of the fact that the difficulties we have experienced in maintaining steam communication between Australia and New Zealand and Canada have been very great and have been considerably intensified by subsidies granted to the Matson line and other lines sailing from United States ports to New Zealand and Australia, stopping at Honolulu en route.

The real truth is that the late government held the same views that the minister expressed this afternoon and that have been expressed by members of the committee this evening, namely, that lesser subsidies should be paid and that the necessity for paying increased subsidies certainly had not arisen. But in view of the trade that we have been carrying on with Australia and New Zealand, we had to face a position that was very simple: Could we or should we maintain communication between the Pacific coast of Canada and New Zealand and Australia, or should we have to abandon the service?

The Canadian Pacific Railway Company did not come into this matter originally. As perhaps is known by members of the committee, that company purchased, on a valuation of £1,000,000, a half interest in the line plying between the antipodes and our own country. Little New Zealand gives a grant of $100,000 a year, roughly speaking, for this service. We have subsidized it all these years, and we increased it some years ago under the following conditions. It is a service of one ship of sixteen knots and another of about seventeen or eighteen knots, one a motor ship and the other a steam turbine ship. The tonnage was given this afternoon The United States has a line known as the Matson line. That line built three large passenger ships running from San Francisco and Los Angeles to the antipodes. As Honolulu is a United States community, part of the United States republic, they can do coastwise traffic between San Francisco and Honolulu and Australia and New Zealand, and thereby derive the advantages that accrue from being able to pick up traffic at San Francisco and to deliver it at the Hawaiian islands. The three ships that the Matson line built, one in 1931, one in 1932, and another in 1933, were vessels to which the American shipping board lent over seventeen millions of dollars at one and a half per cent interest, and the subsidies that were paid to the Matson line for the antipodes service

in all amount to over $1,300,000 per annum, part of it for the freight service from Los Angeles, part of it for a mail service, and part of it for a general service, based upon speed. The subsidies have been based largely upon the speed of their ships. For instance, if we paid a subsidy on the Empress of Britain, sailing from Quebec through one season, at the same rate that the Americans pay for equal rates of speed and tonnage from New York, we should pay to that one ship alone practically three-fourths of all the sum we paid last year as subsidies for the services across the Atlantic.

Getting back for a moment to the Pacific service, I think it must be within the memory of every member of the committee who has followed empire discussions in connection with handling seaborne traffic that both Australia and New Zealand have been greatly perturbed over the situation that has arisen in connection with the maintenance of communications between their islands and our Pacific coast. I suppose it must be within the knowledge of members of the committee who have been following the matter that within the last twelve months those countries made very strong representations as to what must be done if they were to save their situation at all. Possibly some hon. members have read what Mr. Forbes, then Premier of New Zealand, was compelled to state with respect to the condition of his island and his government in connection with the handling of traffic by sea. The Royal Mail Company is interested in this service. Those hon. members who are accustomed to reading railway reports and the reports of steamship companies will perhaps recall that the Royal Mail acquired its interest for preference shares in the Canadian Pacific Railway Company, and, so far as my memory goes at the moment, has had no dividend on them since. So they have not received any benefits from their investment in this service as yet. There were no dividends paid to these companies for years; in fact there has been a very distinct loss. I recall the former Minister of Trade and Commerce, Mr. Hanson, presenting to me a memorandum which he had made in consequence of information he had received as to what the real conditions were. I think the minister (Mr. Euler) must have it amongst his files. Those documents will show that before setting up depreciation in recent years, notwithstanding the subsidy, this line has not made its way, and after allowing for depreciation, which on ships of that age and that speed is calculated at five per cent, not four—the four per cent rate applies to another type of ship—a situation is disclosed of great loss in the operation of those vessels. Under those circumstances the late government felt that the representations made were of such a character that it could not possibly do other than maintain that subsidy. I have always felt that we would reach a time when our ships would not require subsidies. But in view of what I have said as to the subsidies which the American shipping board is giving to its ships, and in view of the fact that the Matson Line received from that board in respect of one of its large passenger boats two-thirds of her cost at an interest rate of, I think it was, three-eighths of one per cent, the committee can get some conception of the character and type of competition that this Canadian company has had to meet.

I support that subsidy. I support it because, reluctantly, we were compelled to give it or else see the service vanish. The Peninsular and Oriental line has an interest in the Union Steamship line that makes close connection with this line at New Zealand. The Royal Mail, as I say, have an interest with the Canadian Pacific in the service we are now considering.

One other point. It was suggested that we should have a faster service. I think they have a 21-knot service out of San Francisco to Australia and New Zealand by the three new boats that were built by the Matson line. The Mariposa, the Monterey and the Lurline have each, I think, a sea-speed of 21 knots, and they cost somewhere in the vicinity of 25 million dollars, the sum advanced by the shipping board of the United States being something over seventeen million dollars, if my memory serves me aright. I was trying to look up the figures in my papers this evening, but I have not had time to verify them, and I speak subject to correction in that regard.

Mr. DUNNING: A very low rate of interest.

Mr. BENNETT: I have already said that —one and a half per cent, and in one case the interest charged was only three-eighths of one per cent. Under those circumstances I believe we can do nothing other than vote this subsidy. One hon. member suggested we might build the ships ourselves to take care of the mail service. Well, we put $80,000,000 or thereabouts into ships. It is now written off as, shall I say, a non-active asset of this country at this time.

Mr. DUNNING: That is the kindest way to put it.

Mr. BENNETT: As a matter of fact some of these ships did make a little money last

year on the Australian service, as perhaps the hon. gentleman knows better than I. But let me finish.

We are now confronted with a simple problem. Shall we maintain a service that connects Canada with Australia and New Zealand through Canadian ports, or shall we be compelled either to dispatch our mails through San Francisco or to ship them to England and have them sent through the Suez canal? The situation gets down to that.

Mr. DUNNING: Our goods, too.

Mr. BENNETT: I am coming to the goods as something separate entirely. I am leaving them out for the moment. I am talking about our mail communications for the moment. Last year we received from other countries, for mails of theirs that we handled through our boats to New Zealand and Australia, something over $50,000. I do not carry the figure in my mind, but at one time it reached as high as about $96,000, so that in any event that is to be credited against the subsidy. It consists of sums we received from Great Britain, the Irish Free State and other countries for handling mail that originated in their countries and passed through our ports on subsidized ships to Australia and New Zealand.

That is the mail service. What about our goods? What about our export trade? What about our imports from New Zealand and Australia? What about the agreements that we have made with them, and their beneficial effect upon our country as a whole, so much so that, if my memory serves me aright, Australia during the past year has been within the first five of countries trading with Canada. How otherwise, mark you, can we maintain this service for what are called perishable products, unless we take the steps I suggest? No subsidy is paid for the purely freight boats that go down to that country. The Union line, in which I think the Peninsular and Oriental line is interested—it was at one time—do not ask for and have not received a subsidy for the carriage of goods, but perishable products, in which we are so deeply interested by way of both export and import, are carried in these ships that are specially provided with refrigerator chambers to deal with the proper carriage of such commodities. Under the circumstances I do not see how we can do other than vote this subsidy, or else face an alternative that no Canadian cares to face.

That is all I have to say with respect to that, but I do want to say one word more with respect to shipping generally. I recall that there was a time when the Canadian merchant marine occupied a very important place in the world, and when our ships sailed the seven seas. We have fallen off in that regard; nowadays one will very seldom find our flag in the great shipping ports of the world. I notice a very substantial cut in the subsidy given the Atlantic service; I have not the details before me. I remember the presentation that was made of the case to the previous minister because he brought it to my attention later, as to what had happened on the Atlantic ocean. I wonder whether it is in the mind of members of the committee to pause and consider for a moment the real position of Canada. We have this vast orient which apparently is just beginning to come back to life. The east was the cradle of civilization; apparently the circle is being completed and it is moving back again in that direction. There are hundreds of millions of people in that part of the world, and there we look for some market, or, shall I say, for markets. When Sir William Van Horne, away back in the nineties, when his company was poor and this country certainly was not rich, put three yacht-like steamships on the Pacific ocean sailing to the orient, people wondered at his courage. Those ships have been replaced, as we all know, by great steamships, the greatest on the Pacific ocean. Those ships are subsidized, and generously subsidized, by the dominion government, because we are thus able to divert, over Canadian rails, through Canada on through bills of lading, a large quantity of traffic that otherwise would travel in another direction. That service is valuable from the standpoint not only of the revenue it produces, but of the employment it gives to men on the railways. In addition it does much to enable us to maintain the efficiency and effectiveness of our relations between Great Britain on the one hand and China and Japan on the other, to say nothing of the close relation that exists between that service and the service to the antipodes.

I mention that because the Atlantic service is a part of that other service. On through bills of lading from Great Britain or France or Germany to the orient you have shipping moving by one of the many lines that come into Canadian ports, across the country by one or other of our lines of rail, and on to the orient. Sometimes, it is true, it travels by other lines than ours, the Dollar line or some other, but it becomes essential, if we are to maintain our lines, that they receive the assistance that we have been so generously giving them. On looking at the estimates I notice that a very much smaller sum is being given on the Atlantic this year than formerly was the case. I can readily

understand the attitude of the minister with regard to this problem of subsidies; I might say that I understand the attitude of both ministers, the Minister of Trade and Commerce and the Minister of Finance. It is not improbable that the Minister of Finance has more to do with cutting down the subsidies than has the Minister of Trade and Commerce.

Mr. EULER: He did not in this case.

Mr. BENNETT: Usually I have found it to be the Minister of Finance who asks, "Where are we going to find the money?" That is his difficulty and his job, and therefore very frequently, though he may desire to do so, he is unable to provide the necessary money for the subsidies in question.

The service on the Atlantic, apart from the fact that one of the ships is extraordinarily speedy, ranking of course with other ships of her class and tonnage that travel out of New York, has been a very great advantage to this country. I frankly admit that it is difficult to justify the expenditure involved in the construction of such a ship in these days, but I wonder whether the committee will pause for a moment to realize just what it means to Canada, as compared with the United States, to have that ship sailing from our ports, going over to Southampton, returning and sailing regularly every fortnight during the season, giving this country a form of advertising that it would be very difficult to obtain otherwise even by the expenditure of much more money than is involved in the subsidy. The same type of ship sailing from the port of New York, carrying the same type of mail, with the same class of accommodation, the same speed and the same tonnage, if my memory serves me aright would be receiving something like $17 per sea mile as a mail subsidy. I was looking for the figure among my papers, but I cannot find it at the moment. The minister gave it to me last year; I think it was $17. At the very top speed it runs in the United States as high as $24 per mile per voyage. That is what we Canadians are competing against; that is what we Canadians have to meet if we are to maintain our position among the nations of the world. Our very geographical position has imposed upon us obligations and responsibilities. If we are going to maintain our integrity or, in the language of the modern newspaper, if we are to keep up with the Joneses at all, we must provide this assistance. I can only say that I sympathize with ministers who have to deal with this question. Certainly for one or two years I declined to provide the subsidy, but when I saw what was happening; when I saw the returns and balance sheets, I realized that even though economic conditions were difficult this had to be done if we were to maintain our position as a shipping nation or our position midway between the occident and the orient among the peoples of the world.

Now I should like to say a word with respect to accommodation on ships, the seamen, the number of seamen and the food. All these matters are regulated by our Merchant Shipping Act, which is a reproduction of the British Merchant Shipping Act, and the board of trade regulations of England are practically those in force here. Hon. members who are familiar with our parliamentary history will recall the long, long story of Plimsoll and his struggle in the British House of Commons with the shipping owners to secure for sailors their rights, to secure for them proper food and decent accommodation, to ensure them against overloading and the destruction of vessels that were unseaworthy but which were put to sea for purely insurance purposes. Only the other day I was reading of the terrific scene that took place in the British House of Commons when Plimsoll made his eloquent appeal. Not because of what he was able to disclose but because of the scene he made public attention was rivetted upon the conditions that existed, and Plimsoll lived to see every ship that left a British port have on her side that loading mark to which we refer as Plimsoll's mark. There is no man who sees any of our ships to-day as they go out to sea who does not realize that this is an enduring monument to the memory of one man's patience and persistence, for every ship bears his mark upon her sides, winter and summer, when she has a deck load and when she has not. Now all accommodation is regulated by that; the number of square yards, the amount of air space, the food requirements, the right of the sailor to have conditions put upon the log, the duty of the master to enter them on the log, his right to go to any British consul and complain of conditions—all these things are matters no longer of uncertainty but of certainty; they are written right into the laws of the country. We have reproduced here substantially the same provisions as exist in Great Britain. The hon. member for Queens-Lunenburg (Mr. Kinley) referred to the fact that we made an empire agreement with respect to shipping. If we had not we would certainly have been in a difficult position, for if hon. members look at the number of deep sea ships we have upon our register they will realize how glad

Canadians were, as were Australians and New Zealanders and South Africans, that we could have reciprocal arrangements with respect to shipping between the various parts of the empire. And many of the sailors about whom complaint has been made to-night are Chinese British subjects from Hongkong. They are not foreigners; they are British subjects.

Mr. REID: That has not been proven.

Mr. BENNETT: It has been proven in regard to a substantial number, if my hon. friend will permit me to say so. I was careful not to say all, but I know that substantial numbers of them are, as is indicated by the reports made on inward and outward voyages. The nationality of the Chinese became known to me in another connection while I was in office, a reason connected with another branch of the public service. I think it can be established beyond doubt that a large number are British subjects from Hongkong and other parts of the world.

Mr. KINLEY: Is it not a fact that in Canada you can ship a man of almost any nation in the world, under our merchant shipping laws?

Mr. BENNETT: There is no doubt that, as long as they are sailors, the hon. member for Queens-Lunenburg is correct. And when he speaks of English ships being manned entirely by Englishmen I think he must forget that the ships that ply to the far east are largely manned, so far as sailors are concerned, by Lascars. And while a substantial number of them in certain classes of the complement of the ship—

Mr. KINLEY: I rise to a point of order. I did not say that English ships were manned wholly by Englishmen. I said that they had equal privileges in Canada with Canadians. I said that considering conditions in Canada; that Canada is a young nation and that the English are eminently qualified on the sea, our Canadian sea-going trade should not be expected to compete with those who are so eminently qualified. When it comes to a question of goods we weigh almost to a milligram as between other countries and ourselves, and I said that we should have the same principle apply to our seamen.

The CHAIRMAN: Order.

Mr. BENNETT: I was concluding what I had to say. As the hon. gentleman is a new member, although he is experienced in a local legislature, I had no desire to shorten his observations. The rights that we grant under the agreement to which the hon. member refers are nothing comparable to the benefit and advantages which we have obtained. One has only to compare the two to realize how greatly the balance is in favour of this country and how much greater our advantages are than the benefits we have given under the agreement to which reference has been made. I well recall the circumstances connected with the signing of that agreement, and the discussions that took place between representatives of all parts of the empire. The whole question of shipping is one that has given very great and anxious concern to British public men. Members of the committee who are familiar with the political history of the Right Hon. Walter Runciman will recall something of his recent speech in which he pointed out that the granting of subsidies and bonuses by the United States, and by France, Germany and other continental countries was driving England rapidly into a position where it would appear that there was nothing for her to do other than to follow the same course. As a result of representations which were made to him he was able to convince his colleagues that such action should be taken, and to a limited extent it has been. I mention this because perhaps we have little appreciation of all that is involved—at least I speak for myself when I say I had little appreciation and understanding of all that is involved—in the maintenance of this form of communication between the antipodes and the orient and the countries of Europe and our own country. And while I knew the difficulty of finding money for that purpose, reluctantly I felt compelled to recommend to my colleagues that we should find it in order that this service might be maintained, because it is so vital to the economic and commercial life and the very existence of our country as a trading nation among the nations of the world. These at any rate were the factors that influenced the late government in arriving at the conclusions which they reached. I know the difficulties of the minister, and I suggest that the more closely he examines the situation, the more complete will he find is the case under present conditions for bonuses and assistance to maintain during these dark and troubled days communication between far-off countries and our own.

Mr. McGEER: There is a decrease of $149,000 in the item: Canada, China and Japan service. What is the reason for that?

Mr. EULER: Merely in the interests of economy.

Mr. McGEER: There is no change in the service?

Mr. EULER: No.

Mr. McGEER: Then what was the reason for the increase of $100,000 in the Canada-New Zealand service?

Mr. EULER: If my hon. friend had been here this afternoon he would have heard the reason. It is that there was a serious probability that if the subsidy were not increased the service would be discontinued entirely.

Mr. CAHAN: Is the minister sure that with respect to the Atlantic service the decrease in subsidy will not result in the deterioration of the service?

Mr. EULER: I rather anticipated that question. To be quite frank, the reason the subsidy is cut in half, reduced to $250,000, is merely that by examination of the statement of the company I find that their position last year improved by about $2,500,000. I thought that was a sufficient reason for making a substantial cut.

Mr. CAHAN: That is the steamship company?

Mr. EULER: Yes. In that there is an amount of $150,000 which we would have to pay in any case for carrying the mails, so that the actual subsidy is only $100,000.

Mr. RYAN: What company does that decrease refer to?

Mr. EULER: The Canadian Pacific.

Mr. TAYLOR (Nanaimo): I find myself very much in agreement with the words of the leader of the opposition (Mr. Bennett). I am satisfied that in these days we must resort to subventions and subsidies in order to keep open the ocean routes. But I notice at least two that have not been mentioned to-night: the route to South Africa and the route to the British West Indies. These would appear to be new subsidies, or at least subsidies which have not been given for many years.

Mr. EULER: No, they are not new.

Mr. BENNETT: But the hon. member is right; they are only a few years old.

Mr. EULER: A three year contract.

Mr. TAYLOR (Nanaimo): I should like to be assured that every effort is being made by the minister and the Department of Trade and Commerce to ensure that as far as possible Canadian bottoms are used on these routes. Can the minister give me that assurance?

Mr. EULER: There are no Canadian owned ships in that service. They are, I believe all of British or Dutch registry.

Mr. TAYLOR (Nanaimo): Should we not make some effort to obtain Canadian registry for ships going out of our ports and receiving a subsidy?

Mr. EULER: I suppose we might ask it of them, but I do not know that they are under any obligation to do what we ask.

Mr. TAYLOR (Nanaimo): If we are Canadians we should make every effort to see that our worth shows itself in everything we do. It would be a very simple matter to deal with the matter at the proper time and in the proper place.

Mr. CAHAN: Is the reason the minister has given for reducing the appropriation for the Canada-United Kingdom service on the Atlantic the same as he would give for reducing the Canada-China-Japan service by $149,000?

Mr. EULER: I think I gave the hon. member for Vancouver-Burrard (Mr. McGeer) a reply to that question a moment ago. The reason for cutting down the subsidy for the service to China and Japan was, as I said, in the interests of economy. My good friend the Minister of Finance, to whom reference has been made by the leader of the opposition, was rather insistent that we should get our estimates down. He had no particular influence, I might say for his benefit, in regard to these estimates, but the general principle was that the main estimates were to be reduced all along the line; we had to cut here, there and in the other place, and this was one item that was cut for that reason. So far as I am concerned, if this is of any interest to the committee, I am opposed to subsidies. I do not like the idea of subsidies at all, but we have to adopt ourselves to conditions as we find them. I would like to compliment the leader of the opposition upon the assistance he gave and the clarity with which he expressed his view on the question of subsidies. I agree with him. That of course does not mean that the principle of subsidies is particularly sound, but if it is necessary, as it is, to maintain our trade routes and all the rest of it, we have to adapt ourselves to conditions as they are. For my part I do not desire to go into the granting of subsidies to any greater extent than is absolutely necessary, and from that it follows that any action that might be taken will be in the direction of cutting down subsidies, if that is at all possible, having regard to the service necessary for the Canadian people. I make that observation just by the way. My inclination would be, in the language of the street, to

let every tub stand on its own bottom. After all, these are private businesses conducted for a profit, although in most cases these companies are not making any profit; in fact they are suffering losses. But in a general way I should like to save the treasury just as much as possible on subsidies.

Mr. CAHAN: I quite understand the position which the hon. gentleman takes with respect to subsidies. That is a large question, but parliament has voted subsidies for steamship services for many years; whether a Liberal or a Conservative government was in office, both initiated such votes.

Mr. EULER: I hardly regard that as a good reason.

Mr. CAHAN: No; but certainly the hon. gentleman does not suggest to the committee that he is reducing the subsidies on two of the most important services of Canada, one by $250,000 and the other by $150,000, without taking into consideration or entering into such negotiations as would assure him that the services will not deteriorate or in fact become obsolete if these subsidies are reduced.

Mr. EULER: I am not very much afraid of that.

Mr. CAHAN: The minister is not very much afraid of it, he says. Well, I suggest that he is not as astute as he usually is because if he would look into the facts with regard to both these services I think he would have very grave doubts whether they will be maintained as efficiently without these subsidies. Take the Pacific service. I remember that when it was up before our own government a year ago I looked into the Pacific service which is carried on by the Canadian Pacific Steamship Company. I found that they were operating under enormous losses at that time, if my memory serves me aright, and I regard a reduction of $149,000 in the subsidy for that service as likely to deteriorate the whole service and render it impossible for an efficient service to be carried on. With regard to the Atlantic service I was astounded to hear the suggestion from the minister that it is being operated at an enormous profit.

Mr. EULER: I did not say that. I said that they were two and a half million dollars better off than they were the year before.

Mr. CAHAN: That depends on what "better off" means, and with what the comparison is made. Can the hon. gentleman lay on the table the figures from which he deduces that there has been a more profitable operation to the extent of two and a half million dollars?

[Mr. Euler.]

Mr. EULER: Perhaps I might answer my hon. friend if he wants the answer now. I may have taken the committee into greater confidence than I was entitled to do because these figures are confidential. The reason for making the cut in the Atlantic service was that the company, while still operating ostensibly at a loss, operated at a very much smaller loss than they did the year before. While I am on my feet, I might also say although I do not desire to interrupt my hon. friend, who is rather vehement in his language with regard to the cut on the China service that from 1920 to 1931, as the leader of the opposition very well knows, there was no subsidy at all for that service. They are still being allowed $600,000, so that is not dealing so very harshly with the company.

Mr. CAHAN: I am not talking about dealing harshly with the company.

Mr. EULER: Well, I am.

Mr. CAHAN: I am just asking what ground the hon. gentleman has for concluding that with a reduction of this large amount the service can be efficiently operated either on the Atlantic or on the Pacific. I have dealt particularly with the Pacific.

Mr. EULER: I have given the reason. Let me speak about the Atlantic service for a moment. I am certainly justified in believing that when that company by its statement shows that it is three or four or five or six times better off than the amount of the cut in the subsidy, it will be able to give at least as good a service as it did before when its loss was much greater.

Mr. CAHAN: But it is still run at a loss.

Mr. EULER: I gave the figures a little while ago. Surely there is no reason to assume, when their loss is now so much less, that they are going to give a worse service than when their loss was greater; that when their loss has diminished they are not going to give as good a service as before.

Mr. CAHAN: I should think otherwise. When a company has been operating at a loss for so many years it comes to a stage when such losses can no longer be incurred, and if the company has been making an effective effort to overcome that loss I should think it might be encouraged by granting the subsidy until such time as it has made up an income which will meet the current expenses for carrying on the service.

Mr. McGEER: I had not intended taking part in this debate until I heard that the only reason for the reduction of the subsidies

to the Pacific coast services was one of economy. That kind of economy will not prove to be worth much to the dominion. If that is the kind of economy necessary for the purpose of balancing the budget, apparently we are going to have a balanced budget at the expense of the Canadian people, at the expense of Canadian trade expansion and at the expense of Canadian institutional services advancing with, from the Canadian government, some measure of assistance such as other national governments throughout the world are giving to similar services. Such action will not prove to be an economy; it will prove to be an effective way, not of balancing the budget, but of continuing an unfavourable balance to Canada and the suffering of losses on the part of companies and seamen.

If there is one place where we should be acting to meet intensive competition made possible by national activity, it is on the Pacific ocean. We should not forget that during the last fifty years Japan has risen from a place unknown to the position of one of the leading nations of the world. By appropriating to their own use all that has been developed in western civilization in the way of culture and education, in politics and finance, in industrial and productive activity, in commerce and diplomacy, and in war power, the people of Japan have risen to the first rank of the leading nations.

Mr. BAKER: Therein lies the danger.

Mr. McGEER: My hon. friend says, "Therein lies the danger." What are we in Canada, as part of the British empire, doing to hold our place of leadership in the world's greatest theatre of potential development and trouble, the Pacific ocean? We have in British Columbia and Alberta two of the richest provinces in the dominion. The Canadian section of the north Pacific is richer in natural resources than are Australia and New Zealand combined. What are we doing to fulfil our responsibility on the Pacific ocean? We should realize what is being done by the motherland in Singapore and Hongkong and by our sister dominions in the antipodes and do likewise. But all we do is to reduce a rather niggardly subsidy that should be increased to encourage development on the Pacific. That kind of economy is not going to help the Minister of Finance to gather the taxes necessary to meet the obligations of the dominion. It is not going to help the cities of Vancouver, Prince Rupert and Victoria to gather the taxes necessary to meet their municipal obligations. It is not going to help British Columbia and Alberta to distribute their grain, lumber, minerals and innumerable other products to Pacific ocean markets. These products should be flowing into these markets in much greater volume than they are at the present time and this volume will not be increased until this country recognizes that it must maintain not only an internal but an external transportation service to all the markets of the world.

I appreciate that these are times of great difficulty, but it seems rather extraordinary that a nation like Japan, with fewer resources than the dominion, or a country like Great Britain, with fewer resources than we have, can find the money and the means to build and develop a shipping service for commerce and at the same time maintain a naval program costing far more than its ocean shipping service. We in Canada have no naval service to maintain and yet we cannot continue to pay a niggardly subsidy for the development of our shipping services. Just recently the shipping service of Great Britain was recognized as being in need of assistance and an extensive program of subsidies was brought into effect.

I should like to point out one other matter to the committee. Japan has adopted another technique; she has appropriated to herself that of Great Britain in establishing protectorates over Egypt and India by establishing control over Korea. It is not a question of what Japan may do to-morrow; we know what she has done already in the way of expansion. Unquestionably she is moved to establish the government in Manchuria, and she has now arrived at the point where she can establish a measure of authority over northern China. She has devised a form of Monroe doctrine and has sufficient authority to say to London that she will not approve a sterling loan to the Nanking government. We in western Canada feel that there are great opportunities as well as great responsibilities for the empire on the Pacific ocean. These opportunities and responsibilities are not confined to western Canada; they are not confined to the dominion as a whole; they apply to Canada as a nation and as one of the members of the commonwealth of nations known as the British empire. We should not overlook the fact that there are only about 70 millions of people of British extraction in the 500 millions of people who make up this empire. The position of leadership which the people of the British empire have held in a world of 2,000 million people is something that has been challenged before, is being challenged to-day and will be challenged in the future.

If in our desire for economy we allow ourselves to be bound by the outworn, impossible, impractical and absurd conventions of orthodox economy and orthodox finance, which have been abandoned by every country that appreciates the future, then having put the wealth of our nation in pawn we are now sacrificing the possibilities of progress to pay the pawnbrokers' exactions. It may be that this is the way in which we are going to manage the currency and credit of this nation so that it may be issued in terms of public need. But if we are going to sacrifice trade on the Pacific ocean in the name of economy, we are going to repudiate the most important promise that ever was made by any government to the people of a nation, namely, that currency and credit would be created and issued in terms of public need. The kind of economy involved in this reduction, will prove to be a ghastly expense to the people of Canada, and it is not the kind of economy that they expected they were going to receive after the last general election.

Mr. DUNNING: While the Minister of Trade and Commerce does not need support in view of the fact that he takes the responsibility and has been kind enough to absolve me from it in connection with these reductions, I think, after the very eloquent and informative remarks to which we have just listened, I should at least indicate my full support of him in what he is trying to do in the way of economy in this matter. I do so for the reason that the committee might reach the conclusion that some great disaster is about to fall upon the trade of Canada across the Pacific ocean as a result of the reduction of $149,000 in the subsidy to be paid for the Canada, China and Japan service. I did ask every one of my colleagues to endeavour to secure the discharge of the various public services under their control for the least amount of money. If that is orthodoxy, then I am orthodox. I believe it is my duty to the taxpayers of Canada to ask all my colleagues to endeavour to secure the discharge of the public services under their control for the least possible expenditure of money, and I am prepared to stand on that. I am sure that the Minister of Trade and Commerce assured himself that no detraction from the service now being rendered on the Pacific ocean would take place as a result of the saving to the public treasury of this $149,000.

Mr. CAHAN: That is the assurance we desired to have.

[Mr. McGeer.]

Mr. DUNNING: The minister can base his views with respect to the matter only upon information which is supplied to him, as my hon. friend well knows, confidentially by the companies operating.

Mr. CAHAN: That was quite sufficient.

Mr. DUNNING: On the basis of that information he makes up his mind and makes his recommendation to the government of Canada, reasonably sure, as I say, that the service will not be impaired and merely desiring to secure for the people of Canada the maximum of service for the amount of money voted. Now that is a simple matter. It does not relate itself to a world crisis; it does not really relate itself to the rising power of Japan; it does not really relate itself to a world war. It is a question of whether in the judgment of the Minister of Trade and Commerce of this country the service now being given to Canadian trade across the Pacific can be performed for a lesser subsidy than was paid during the last year. I am standing by the Minister of Trade and Commerce.

Mr. McGEER: There was no assurance of that kind given at all. When I asked the minister the reason for the change he gave the curt reply that it was merely economy. With respect to the Atlantic service he gave the other reason, namely, that there had been an improvement in the general returns made, warranting his opinion that no harm would be done to that service. But in reply to my question—and that is the only reason I spoke—he said, "Well, we have decided to economize on the Pacific," quite irrespective of what is going to happen on the Pacific. Well, we have had a little intimation of what has happened in discriminatory freight rates and a great many other matters, and in British Columbia we feel, at least as the representative of one of the constituencies of that province, I feel that we have to make ourselves heard a little bit; and I can assure the Minister of Finance that if he is going to economize by paring things on the Pacific, things which I think we need out there and which I do not think he should pare, then I will use not only Japan but anything else I can think of to convince the committee that the minister is wrong in that regard.

Mr. STEVENS: I am quite sure that the minister is at liberty to make a statement in this connection. Has he received any information from the company which is given this Pacific subsidy that the service will be curtailed somewhat by the reduction? I

recall very well that two years ago, when a larger reduction was proposed than was actually made, it was stated that the service would be somewhat curtailed, I believe by extending the service from two to three weeks, or cutting out one voyage in connection with each of the ships, or a portion of a voyage, or one voyage on two or three ships. In any case, if this results in cutting down that service then it simply means that the traffic will go to the Japanese ships or the President line, that is, the Dollar line, running from China to Japan to Seattle, San Francisco and so on. It means something similar to what has happened in the competition on the Australian route, which I notice the minister has recognized by an increase in subsidy, that is, competition of the Matson line with the Canadian-Australian line. That competition has become so real that I venture to say that a very substantial proportion of the Australian business that used to come through Canada is now diverted through San Francisco and Los Angeles. That is a distinct loss to Canada and I am glad to see that the minister has increased that subsidy. It was originally $100,000. Then it was increased to $150,000, then to $200,000, and now he has increased it to $300,000, which is away below what the United States government pays to its lines. The China-Japan route is the old main route, on the Pacific, of the Canadian line. The Canadian Pacific, of course, was the pioneer on that route; I remember forty years ago when the old Empresses, little vessels of 5,000 tons, were looked upon as the most wonderful ships on the Pacific. They look very small to-day. Then there was a gradual development to the larger vessels. I will venture this statement, that there will be a curtailment in the service commensurate with the reduction in subsidy, and I would ask the minister whether he has any assurances as to the maintenance of the service.

Mr. EULER: I am very glad my hon. friend has asked that question. I have no intimation whatever from the company that there will be any curtailment or that any curtailment will be demanded on the basis of this subsidy. I may say this, that the company concerned is not pleased with the cutting down of the subsidy; I hardly expected anything else, but I will say also to the hon. member for Vancouver-Burrard (Mr. McGeer) that although I am not able constitutionally to go into heroics, I am just as much concerned about the prosperity of this country as is perhaps, any other hon. member. I am not doing anything by way of cutting down subsidies with the knowledge or hope or belief that the trade of Canada is going to suffer. Further, I am not afraid to retrace my steps if I find I am wrong. If I should be convinced, as I am not—and I do not think I shall be—that by reason of cutting off $100,000 or a little more from a certain subsidy the interests of this country are going to be vitally affected, I shall not be afraid to alter my course. This action might still be taken. I do not think it will need to be, but if it must be I am perfectly prepared to take it. As I say, however, I cannot go into heroics and assert that because of a small cut in the subsidy the whole of the trade on the Pacific is going to be ruined. But if such a danger should arise, I think we could take steps to avoid that terrible catastrophe. I desire that if possible the vote be passed. If not, I would make a motion that the committee rise.

Mr. McGEER: There was not any desire on my part to go into heroics. I wanted to give the committee some facts on the situation with regard to trade development. One feature to which I did not refer at all but which the minister might look into, might induce him, instead of decreasing the subsidy, substantially to increase it to the benefit of the people of Canada. We know that as a result of competition on the Asiatic coast much of the work of repairing and improving and reestablishing ships is done on the docks on the other side of the Pacific. Much of the employment that is given on the ships is governed by the same conditions. I feel that the time is coming when we should be prepared to recognize the necessity of developing a Canadian merchant marine service that will permit us as a nation to help the British empire to enjoy during the future the same kind of leadership in the Pacific theatre of trade that the British empire has enjoyed in the Atlantic during the last 200 years. We have in Vancouver a port that is not only competing with every other port on the Pacific ocean, but definitely competing with the port of Seattle; and if the minister would take a trip along the Pacific coast, as I have done recently, look at what the United States government is doing in Honolulu, in San Diego, in San Pedro, in San Francisco and in Puget sound at Bremerton, which is part of the port of Seattle, and note what is being done in the establishment of a naval and airplane base in Alaska, he would find that although Vancouver enjoys the unique position of being the largest grain shipping port in the world, it is not securing anything

like the measures of assistance that ports of the United States competing with Vancouver, and ports in China and Japan and Australia and New Zealand are now securing. If I spoke in a way that could place my utterances in the realm of heroics beyond the constitutional capacity of the minister, may I say to him that I am only beginning, and if I have worried him to-night he is going to have a rather bad time in the future.

Mr. EULER: Go as far as you like.

Mr. McGEER: I appreciate the attitude that the minister has taken, because I think there is an opportunity of doing something in the development of Pacific ocean trade; that we can possibly advance subsidies to the benefit of Canadian seamen, Canadian dock workers, and Canadian trade generally.

Mr. McNEVIN: Mr. Chairman, I think that the Canadian taxpayer—

The CHAIRMAN: Order, we have a motion to rise.

Mr. BENNETT: Oh, no, the minister did not make a motion.

Mr. EULER: My suggestion was that the item might carry, but, if not, I would make that motion.

Mr. BENNETT: If the minister made the motion he made it before the member for Vancouver-Burrard spoke. Therefore that member should not have spoken. Since he has spoken, the hon. member who now rises to speak has the right to speak.

Mr. EULER: I did not make a motion. I merely intimated to the committee that if the debate were to continue I should prefer to make a motion that the committee rise.

Mr. McNEVIN: The Canadian taxpayer will recognize that an expenditure of almost $2,087,000 is a substantial amount to grant as a shipping subsidy. The minister is to be commended for making this reduction, and, with the expectation of increased trade, we would be well advised to pass this item.

Mr. STEWART: I submit that we will make better progress if we take these items one by one, as we did the items on Public Works. We have been running backwards and forwards from one to another. If we call one item and deal with it and finish it, we will get on more rapidly.

Item stands.

RAILWAYS AND CANALS

Chargeable to Income—Miscellaneous—
Board of Railway Commissioners: maintenance and operation, $230,000.

[Mr. McGeer.]

Mr. STEWART: Would the minister explain the items that go to make up the decrease in this appropriation? Have any services been discontinued?

Hon. C. D. HOWE (Minister of Railways and Canals): The items are as follows:

Salaries of staff, $185,000.
Official reporting, including amount of reporting contract, $4,800, $8,800.
Official car, operation and maintenance, $3,000.
Printing, $5,000.
Stationery, $4,000.
Telegraph and telephone, $1,000.
Travelling expenses of board and staff, $18,000.
Contingencies, $4,568.

I may say that while there is a reduction of $15,854.04 from the amount voted last year, the amount actually expended last year was about $11,000 less than the amount voted; in other words the amount expended last year was $234,854.04.

Mr. STEWART: There is some reduction in connection with the car. How is it proposed to bring that about?

Mr. HOWE: The expense of the car is entirely a matter of its use, and it is not anticipated that the car will be used as much this year as it was last.

Item agreed to.

Miscellaneous services, $38,500.

Mr. STEWART: There is a decrease of $13,500 in this item. Would the minister explain, for the information of the committee, what is covered by this expression "Miscellaneous services"?

Mr. HOWE: There is a decrease of $1,500 in administration expenses. There is a decrease of $2,000 in the maintenance and repair of official government cars. There is a decrease of $5,000 in repairs and alterations to the governor general's cars. There is a decrease of $6,000 in Beauharnois surveys and investigations, due to the abolition of the position of resident engineer, and a further decrease of $800 due to the abolition of the board allowance for the resident engineer. Then there is an increase for Beauharnois surveys and investigations, amounting to $1,800, to provide for carrying out flow measurements by head office. That makes up the net decrease of $13,500.

Item agreed to.

Railway employees' provident fund: to supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment

during the period January 1, 1936, to March 31, 1937, the sum of $30 per month instead of $20 as fixed by the said act, $27,300.

Mr. HEAPS: I believe this is the item that deals with the employees' provident fund. Would the minister be good enough to explain to the committee the position of this fund, how many employees are affected and how long he expects to continue paying out this money?

Mr. HOWE: The number of retired employees in receipt of pensions is 1,764. Employees contributing to the fund during September, 1935, the latest figures available, numbered 8,603.

Mr. HEAPS: Do I understand that this is a contributory fund in which the employees and the railways participated?

Mr. HOWE: This is the Intercolonial fund, and it is contributory. I will give my hon. friend the explanation. The Intercolonial and Prince Edward Island railway employees' provident fund provides for the payment to retired employees of a monthly allowance of one and one-half per cent for each year of service of the average monthly salary received by each employee for the eight years immediately preceding his retirement, such monthly allowance to be not less than $20. Because of the fact that the cost of living greatly increased after the passing of the act in 1907, the minimum rate of $20 per month was found to be inadequate, great hardship and even privation being suffered by those who had retired under the provisions of the act at that minimum rate. For the purpose of affording a measure of relief to these former employees of the crown an appropriation has been provided in the parliamentary estimates since 1921 to make the minimum pension allowance $30 instead of $20 per month as provided by the provident fund. That is the purpose of this vote, to increase that payment of $20 to $30 to meet the increased cost of living.

Mr. HEAPS: It seems to me, just from the casual statement made by the minister, that approximately one-eighth of the employees are on pension. Could the minister inform the committee as to the state of the fund on an actuarial basis?

Mr. HOWE: This is only one of several funds of the Canadian National Railways. It is a fund of the old Intercolonial. It is a closed fund, closed a number of years ago. The purpose of this vote is to raise the minimum payment from $20 to $30 per month.

Mr. HEAPS: I think the minister stated a few minutes ago that something like eight thousand employees are still paying into the fund.

Mr. HOWE: That is correct.

Mr. HEAPS: I was under the impression that it was from moneys contributed by the present employees, plus the amount given by the government, that the existing pensioners were deriving the benefit. Now I am told that the fund has been closed. I should like to have that point cleared up.

Mr. HOWE: It is closed to new entrants. The people who are in the fund are still contributing and will contribute until they become pensioners themselves.

Mr. HEAPS: Then I take it that the old employees are pensioners under the old arrangement between the company and its employees, and that in the old fund there was sufficient money to permit payment of $20 per month to existing pensioners.

Mr. BENNETT: No, that is not quite right. The hon. gentleman is asking how the fund is made up. I happen to come from the section in which it originally started. Contributions were made by these people; the fund is now closed, and there are some eight thousand people contributing. In 1921 the monthly payment of $20 was found to be inadequate and was increased to $30, and since then we have been paying about $27,000 every year for the purpose of maintaining the fund in its integrity and enabling $30 a month to be paid.

Mr. MacNICOL: Does the number of pensioners decrease yearly, and, if so, how much less is the number under this estimate than it was under the estimate of a year ago?

Mr. HOWE: I have before me the amount of the expenditures, indicating that the fund reached its peak in 1931-32 and has been getting slightly less each year since then.

Mr. HEAPS: What was the number of pensioners in 1931?

Mr. HOWE: I am sorry I have not that information. I will get it if the hon. gentleman so desires.

Item agreed to.

Progress reported.

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

Wednesday, February 19, 1936

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PUBLIC DEBT

Mr. HANSELL:

1. What is the total amount of interest that has been paid on our national debt since confederation or as far back as our records of borrowing show?
2. What is our present national debt?
3. How much of this is original principal and how much is interest?

Mr. DUNNING:

1. $2,823,245,404.93 to January 31, 1936.
2. Net debt at January 31, 1936, $2,895,-124,262.99.
3. Borrowings are not allocated to particular purposes under consolidated fund system.

CANADIAN FARM LOAN ACT

Mr. LACROIX (Beauce):

1. How many farmers of Beauce county applied for a loan since the Farm Loan Act became law, giving the number of such applications for each year separately?
2. How many inspections were carried out for which the farm loan board received $10, in connection with each such inspection, giving the number for each year separately?
3. In how many cases was the inspection carried out without the $10 being paid, giving the number for each year separately?
4. In how many cases was the loan application granted and the loan made, giving the number for each year separately?
5. What was the amount of the loan made in each case and in each year?
6. In how many cases did the farm loan board require two inspections, giving the number for each year separately?
7. In each case where a loan was made, on what date was the loan application presented and on what date was said loan granted and documents completed, giving the figures for each year separately?

Mr. DUNNING:

1, 2, 3, 4, 5, 6 and 7. The following answers are furnished by the Canadian farm loan board: Records of the Canadian farm loan board are not kept by counties and the information asked for is not now available.

Mr. GOLDING:

1. How many applications were received from the province of Ontario for a loan under the provisions of the Canadian Farm Loan Act during the year 1935?
2. In how many cases was the loan application granted and the loan made?

[Mr. Howe.]

3. How many applications were received from the counties of Huron and Perth, Ontario, for a loan under the provisions of the Canadian Farm Loan Act during the year 1935?
4. In how many cases was the loan application granted and the loan made, in these two counties?
5. What are the names and addresses of the persons who secured loans in this manner in the two counties?
6. What was the amount of each such loan in the counties of Huron and Perth?
7. What has been the total cost to the government for the administration of the Farmers' Creditors Arrangement Act from the time it began to function to December 31, 1935?

Mr. DUNNING:

1. 2,484 from May, 1935, to January 31, 1936.
2. 607.
3, 4, 5 and 6. The records of the Canadian farm loan board are not kept by counties and the information asked for is not now available. Moreover, the transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.
7. $840,562.88.

(Answers 1 to 6 furnished by Canadian farm loan board).

QUESTIONS PASSED AS ORDERS FOR RETURNS

VANCOUVER—LEGAL SERVICES

Mr. REID:

1. What lawyers and law firms, if any, of the city of Vancouver, British Columbia, were retained by the federal government of Canada during the period from August 1, 1930, until December 31, 1935?
2. What sums were paid by the federal government and all departments thereof to each such lawyer and law firm?
3. What services were rendered by each such lawyer and law firm for the amounts so paid to each?
4. What sums, if any, are still owing, or claimed for such services, and to whom?

POST OFFICE DEPARTMENT

Mr. BOULANGER:

1. According to the records of the Post Office Department, how many postmasters at present occupy their position because they brought about the dismissal of their Liberal predecessor?
2. Is a postmaster who secured his position after having informed against his predecessor and brought about his dismissal, guilty of political interference or of an injustice which may justify his own dismissal?

Mr. BOULANGER:

1. According to the records of the Post Office Department, from August 7, 1930, to

October 29, 1935, how many times did the Postmaster General exercise the discretionary powers vested in him under Section 67 of the Post Office Act, whereby mail contracts are not always awarded to the lowest tenderer?

2. According to the records of the Post Office Department, from August 7, 1930, to October 29, 1935, how many mail contracts were awarded to persons who, not being originally the lowest tenderers, were allowed to reconsider their tender and reduce the figure thereof?

MOTIONS FOR PAPERS

ARMAGH, QUE., RURAL MAIL CONTRACT

Mr. BOULANGER:

For a copy of the complete file respecting the contract for mail delivery on rural route No. 1 of Armagh Station, awarded to Georges Roy, April 1, 1932, expiring March 31, 1936, and renewed on October 9, 1935, for a period of four years.

Mr. BOULANGER:

For a copy of the complete file respecting the contract for mail delivery on the Armagh rural route awarded to Mrs. J. A. Blais, January 11, 1932, expiring December 31, 1935, and renewed September 24, 1935, for a period of four years.

WABASSO COTTON COMPANY

On the order for motions:

Mr. WILFRID GARIEPY (Three Rivers): Mr. Speaker, there is a matter of great urgency which I should like to bring to the attention of the government. In my constituency is located the Wabasso Cotton Company which under normal conditions employs around 2,000 people and operates day and night. I am informed that last night a strike was declared. A strike had been declared last fall on the eve of the general election, but the differences were settled after some negotiations. The men now claim that the conditions of labour, wages and other matters have not been complied with; serious trouble has arisen, and the matter is one which should receive immediate consideration by the government. I gave this information this morning to the Department of Labour, but I should like to know if the government is possessed of all the information and if it intends to take steps to remedy the conditions obtaining in respect to this plant at Three Rivers. Both parties should be protected, especially the labour element, which are likely to suffer most if these conditions are allowed to continue.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, I am not sure that my answer is in order. The hon. member for Three Rivers (Mr. Gariépy) was kind enough to give me this morning notice of his question. I immediately took up the matter with the chief conciliation officer of the Department of Labour, who communicated with our representative in Montreal. I hope to receive a report on the whole situation very shortly.

RETIRING ALLOWANCES

PROPOSED ALLOWANCES AT AGE SIXTY AND OVER

Mr. A. A. HEAPS (Winnipeg North) moved:

Whereas there exists in Canada an acute unemployment situation;

And whereas, it is desirable that as many as possible be absorbed into the useful industrial life of the dominon;

Therefore be it resolved, that, in the opinion of this house, the government be requested to immediately introduce legislation granting adequate retiring allowances to all citizens over sixty years of age, thereby giving an opportunity to large numbers now unemployed to be reabsorbed into useful productive activity.

He said: As I rise this afternoon to propose this motion I cannot help being reminded of the fact that it is just about ten years ago that the house passed the existing old age pensions law. Even at this late date I would express my own appreciation and that of my colleague the hon. member for Winnipeg North Centre (Mr. Woodsworth) of what was done by the then government, many members of which are in the present cabinet, and thank them for the kind and courteous reception we were given in 1926. I trust that on this occasion we shall receive the same sympathetic consideration as we got about ten years ago.

Mr. JACOBS: The majority is a little larger now.

Mr. HEAPS: Yes, I know that; I realize quite well that conditions to-day are not exactly what they were in 1926. Two votes are perhaps not as important in this parliament as they were ten years ago. Nevertheless, I say again that we appreciate the kindly sentiments expressed on that occasion, and I do hope that the resolution now on the order paper will meet with the same sympathetic consideration. For, after all, a principle is the same, whether it is endorsed by a majority of two or of one hundred; and I assume the principle underlying the question of old age pensions is the same in 1936 as it was in 1926.

The scope of the present act is rather wide; it takes in, I believe, seven of the nine provinces of Canada. There are at present two provinces in which the old age pensions scheme has not yet become operative, but in those provinces where the act is an established fact we can regard that piece of legislation,

in my opinion, one of the most important in the way of social legislation which the house has ever enacted, as a permanent part of their social laws. I do not think any government, whatever its political complexion may be, will ever see fit to repeal the act once it has been in operation.

I was rather surprised to discover that, in the seven provinces in which the scheme is in operation, there were prior to and including March 31 of last year, 101,051 persons in receipt of old age pensions. That number was exclusive, of course, of Quebec and New Brunswick. When those two provinces come under the provisions of the act we shall have, I am satisfied, a considerable addition to that number. I understand that in New Brunswick legislation is pending in that regard, and I am also led to believe that in Quebec legislation is likely to be introduced in the near future to extend to the old people of that province that long needed relief which I know many of them have been looking for in the past few years. The situation in Quebec at the present time is somewhat similar to the state of affairs that existed in this house in 1926; they have not a stable government there, so that the old people in that province are likely to come into their own at an early date.

The constitutional difficulties that have so often been thrown in the way of the passage of social legislation in Canada seem to have been successfully overcome so far as old age pensions are concerned; and to-day, I am pleased to say, there is no question about the validity of this particular law in this country. Further, I think it can be asserted that, considering it was a new piece of legislation in this dominion, and presented difficulty in many ways because it was a dominion statute operated by provincial authorities, the act is working fairly well, with one or two exceptions which it is not necessary for me to go into at this time.

One point which during the past few years must, I think, have become obvious to practically every member, irrespective of his party affiliations, is the necessity for a much lower age limit than that which applies at the present time. I believe we must all regard seventy as too high an age limit for pension after a person has served the state in one form or another practically throughout his life. In other countries—and I am referring now to countries within the British empire—the age limit is much lower than it is in Canada. In Great Britain it is sixty-five, and in Australia it is sixty-five for males and sixty for females, while in certain instances, in the event of incapacity, the age limit for men in that country is sixty. Practically the same age limit is in force in New Zealand; therefore it is much lower than it is in Canada.

There is to-day a very large volume of opinion, not merely in this country but in other parts of the world, in favour of reducing the age limit at which people receive pensions, not only because such a measure is humane, not only because it is an act of humanity to take care of the aged and the needy, but also on account of the problem confronting us from the economic standpoint—the problem of unemployment. In the last election the present leader of the opposition (Mr. Bennett) came out in favour of old age pensions at the age of sixty; he thought it would be a good thing. In the United States there is a large and growing body of opinion in favour of paying old age pensions at the age of sixty. I am not referring at the moment to what is commonly called the Townsend revolving plan; I am not sufficiently familiar with it to be able to discuss it at all. In addition to that plan, which is taking a firm hold on the people of the United States, we find one of the prospective candidates for the Republican nomination for president there, Mr. Borah, in favour of granting old age pensions at the age of sixty, the pension to be between fifty and sixty dollars a month.

The reasons that can be given why we should grant pensions to persons of sixty and over are very many, but I shall discuss only a few of them. To-day we are living in a competitive age, an age which is different from any former time. We are living under conditions that are different from anything we have known heretofore. The struggle for existence is becoming keener and keener, and men to-day at the age of sixty find themselves in a position in which it is practically impossible for them because of their age to obtain the means of livelihood. In the second place, when a man has worked under such keen conditions as those under which he is compelled to work, he is practically of little value in the industrial field when he reaches the age of three score. There are very few employers of labour who employ men when they have reached the age of sixty. The consequence is that when a man has reached that age he has either to shift for himself as best he knows how, or become the recipient of either public or private charity. There is very little opportunity to-day for men to save out of their earnings anything to put away for what we may term a rainy day, or for old age. I know of many firms in this country who will not employ men when

they are even over forty years of age. At fifty, positions become extremely precarious, and at sixty it is almost impossible for men in these days to find work; in fact a man at sixty or over becomes a drug on the labour market.

We often ask ourselves the question: What is the nation's greatest asset? It has been asked in the house during the past few days. Some might say it is property; it is buildings, or it is natural resources, but I believe if we ponder the question a little further we shall arrive at the same conclusion, that the greatest asset we have in the Dominion of Canada is the people themselves, our Canadian people. Then, if we come to determine the question whether we should look after the rights of property or the rights of our Canadian people, I think our sympathies as well as our interests will lead us to assist the human beings who comprise our Canadian population. It is often stated that the individual has a duty to the state. I believe that, but at the same time I believe the state also has a duty toward the individual. For after a person has worked and given of his best during his life time to help in building up the country and making it a proper place to live in, when he reaches old age; when he has arrived at the age of sixty, he is entitled to receive something in return for his services. There ought to be between the state and the individual as reciprocal relationship which does not exist to-day. An individual can give of his best until he is sixty or sixty-five years old, and all of a sudden he finds that he is cut off without any means of subsistence. The duty of the state as well as that of the individual is to promote the well-being of all concerned. Is it fair to ask the individual at times so to humiliate himself or herself as to become the recipient of either public or private charity? We have at this time in the dominion 1,200,000 men, women and children in receipt of public relief. That figure does not take into account the vast number of men, women and children who are recipients of private relief in one form or another. There must be in these days a very large number of these people who are sixty years of age or over and who find themselves on the bread line through no fault of their own.

I think I can state with a certain amount of assurance that practically every hon. member would say he is sympathetic to the idea of pensioning people when they reach the age of sixty. But I suppose those same hon. members who will tell me they are favourable and sympathetic to this idea, will come along with a very hoary and musty question: Where is the money to come from? If the Minister of Agriculture (Mr. Gardiner) were in his seat, I would ask him whether we have in this country enough in the way of foodstuffs to give to all the people in Canada who are sixty and over, a reasonable amount by way of food, and I believe the minister would reply to me that we have more than sufficient for that purpose. Then, if I were to turn to the Minister of Trade and Commerce (Mr. Euler), I would ask him, if he were here: Have we in this country sufficient clothing and shelter to satisfy all the reasonable requirements of our people over the age of sixty? I think I should receive from the hon. minister the answer that we have more than sufficient for those purposes. Then I would turn to the Minister of Finance (Mr. Dunning), whom I see in his seat, and I would say to him: Have you enough money to satisfy the requirements of those over the age of sixty? And I would be met with a most emphatic "No." There is the contradiction. Enough food, clothing and shelter in the Dominion of Canada to satisfy all the reasonable requirements of these people of sixty and over—no doubt that would be admitted by the members of the government—and yet when it comes to trying to give to these people of sixty and over those requirements which in our corporate capacity we have produced in this country, we say: You cannot have them, because there is something that stands in the way of your being able to receive those things to which you probably have a right. When I ask the question whether the money will be forthcoming, knowing as I do that I shall receive that negative reply from the Minister of Finance, I feel like inquiring whether that same question was asked in the years 1914 to 1918, when this country spent approximately two billions of dollars. Was ever the question asked when that money was being spent, not to conserve or to preserve human life, but for the very reverse purpose: Where is that money coming from? The money was there for the very simple reason that we had its equivalent in the way of goods and services that we could give either to the people of this country or to those who required it. So if to-day we have in Canada the goods and services to maintain our population of sixty and over, there should be no difficulty, if only there is the will to do it, to find ways and means of providing for those people that reasonable standard of living which they have a right to expect. Between 1914 and 1918 approximately half a million people were taken out of productive work in this country, and were engaged in destructive work. Yet in spite of

the fact that half a million of the flower of the country's manhood were taken out of productive employment those who were left behind were able to maintain that half million in the work they were doing and to provide for themselves a decent standard of living. We can go even beyond that. During that period there was no shortage in Canada either of men or of money to carry on the work of the war.

If to-day everyone at the age of sixty were taken out of productive employment this would have a twofold effect: First, it would provide for people many of whom are hardly able to give a proper day's service in industry, and then it would give to our young people an opportunity to do some useful work, an opportunity which has been denied to thousands of them since they have left school.

The government also must find money with which to carry on the services of the country, and part of that money is obtained by borrowing. I remember very well—and I want to bring this incident to the attention of the house—that in the fall of 1930 we had a session of parliament lasting only a few weeks. We were called into session in order to provide the means of giving relief to large numbers of men and women who at that time were out of work. The government of the day came to the house and asked for a large appropriation, out of which $20,000,000 was set aside for the provision of food, clothing and shelter for the unemployed in Canada. What happened? The first thing done by the government of the day, as by both previous and subsequent governments, was to go to New York where they obtained a loan of $100,000,000. In the meantime there were vast numbers of people anxiously awaiting relief, but until such time as that money was obtained from the bankers of New York the people of Canada were unable to obtain the relief that was so badly required. The farmers of the west, together with the workers in the cities, had produced wealth in abundance, food, clothing and shelter; yet before our people could eat that food and before they could obtain that clothing and shelter we had to go to a foreign country for permission to do so. If there is anything more topsyturvy in our economic structure than a situation of that kind I should like to know where it may be found. In other words we must get permission from the bankers of New York before we can eat the foodstuffs we produce in our own country.

I realize, further, Mr. Speaker, that to give a pension of $50 a month, which is the sum I have in mind, to people sixty years of age would probably require half the total revenue of the dominion. I know the minister could not afford that; I know it would require a vast sum of money, but we must bear in mind that this sum of money would go into circulation in this country in the purchase of food, clothing and shelter, because as a rule the workingman lives to the limit of his income, and the same would apply to those in receipt of a pension of $50 a month from the government. To take care of such a situation I am in favour of a limited form of controlled inflation. Some hon. members may be afraid of that. I know in Great Britain people thought the whole country was going to collapse when a few years ago it was feared that she was going off the gold standard. An election was fought and a government was returned on that issue, to keep Great Britain on the gold standard, but it was not long after that election before she went off the gold standard. In those countries which have gone off the gold standard and where there has been a limited form of inflation, nothing very serious has happened.

Perhaps at this point, while dealing with that aspect of the question, I might give the figures relating to the older population, as prepared for me by the bureau of statistics. In 1931 the number of these people in Canada was as follows:

Age	Number
60 and over	870,428
61 and over	792,936
65 and over	575,831
70 and over	344,697

At the present time slightly less than one-third of the people of seventy or over, numbering 344,697, are in receipt of the old age pension. When Quebec and New Brunswick come under the scheme, naturally that proportion will be materially increased; it may be nearer one-half than one-third. I shall assume, however, that of the 870,428 people over the age of sixty probably not more than twenty-five per cent would be eligible for or entitled to a pension, when all things were taken into consideration.

Mr. DUNNING: Would my hon. friend permit a question? Evidently I have misunderstood his resolution, because I thought it called for adequate retiring allowances for all citizens over sixty years of age, and I have been preparing to deal with that question.

Mr. HEAPS: I knew the minister would try to find a little loophole on which to argue. Let us take the intent of the resolution rather than its exact wording, and I am giving the intent now. I am sorry if I have punctured the minister's argument.

Mr. DUNNING: Does my hon. friend want all citizens to be pensioned or does he not?

Mr. HEAPS: It is just as I have said.

Mr. DUNNING: The resolution says so.

Mr. HEAPS: In any measure enacted by parliament there are always regulations saying who may be entitled to come under the act, and so it would be with a measure granting pensions at sixty. There are many people in executive and other positions who, at the age of sixty, might well be allowed to remain in their position, who would still find something to do. As I am pointing out, less than one-third of the people of over seventy years of age are receiving old age pensions at the present time, and we can base our arguments in connection with this matter on a somewhat similar mathematical calculation, except that on the average there would be fewer people requiring pensions at sixty than there would be at seventy. I think that is quite obvious, because at sixty a person has an opportunity of putting something away to provide for himself and those dependent upon him, but when he lives to the age of seventy, what he may have saved in the interval will have disappeared.

I am free to admit that this problem of old age is becoming more important as the years go by. Medical science has made such rapid strides that the average span of life has been greatly increased during the last few generations. Unfortunately the application of our economic laws has not kept pace with our knowledge and application of the laws of medical science, with the result that the percentage of our old people to-day is greater than it ever has been. I was surprised when I received these figures from the bureau of statistics, showing the large population of what I might call elderly people here in Canada.

Now we may speak of the cost. Many things may be offset against that. At the present time it is costing us a large sum of money in the way of relief to maintain our people, to maintain them in institutions for the care of their health, or even in our penal institutions, for it has always been found that in times of unemployment penal institutions are filled to overflowing. I venture to say that if we set off against the cost of pensions at sixty the advantages that would be gained, the cost would be much less than it would at first appear to be. I mentioned a few minutes ago that in 1914 and the following years we spent approximately two billion dollars on a war in Europe and all that that entailed. The product of that war was little other than misery. I believe few people in Canada would ever again be willing to have this country become a party to a war in Europe or anywhere else. But if we could afford to spend that enormous sum for human slaughter, disease, misery, and all that follows from war, does not the house think it is far better in this day to spend some money, not for the slaughter of human beings but in a war that will preserve life, a war against poverty and disease? May I quote what the present Prime Minister (Mr. Mackenzie King) said recently; I do not do this very often. Speaking on the night of October 14, after the election results were known, he said:

> The struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before. Poverty and adversity, want and misery are the enemies which Liberalism will seek to banish from our land.

Those are fine sentiments; they sound even better to me because they were spoken after the election instead of before. I say to the Liberal party: Carry out to the very letter that statement of the Prime Minister. I want to see the Liberal party in this house war against those evils which the Prime Minister mentions, against poverty and adversity, and fight for the economic liberty and security of the masses of the people of this country. What security have they to-day? What security has the man of sixty, or even the man of fifty, to-day? None whatsoever. To-day, as I know and as most of us know, there are innumerable instances of men who have worked ten, fifteen, twenty years for a large corporation; then at a moment's notice a man may receive a slip stating, "Your services are no longer required," and he has to go out on the street and shift for himself as best he can. Yet these same large corporations use horses and when those horses have done their work and are no longer required they are not told to go out and shift as best they can. No; they are kept in the stable; they are fed and sheltered for the rest of their days. It is in the very nature of our modern industrial life that these large corporations treat human beings much worse than they treat their old horses.

I may be told that the statement of the Prime Minister will be lived up to by the Liberal party. All I can say is that I hope they will do much better in future than they have so far. May I say to my friends of the Liberal party that although they won the last election by a very large majority they have not yet achieved victory. Far from it. Victory will be achieved by the Liberal party and by

this parliament only when we have eliminated those conditions of which I have spoken, when we have given to the people of Canada that economic security, that liberty to which every Canadian citizen is entitled.

So far we have heard very little as to what the future policy of the government will be. We are told that it will be unfolded from time to time during this and other sessions of parliament. I am free to admit that some of us are rather impatient; we want to know with as little delay as possible what the policy of the government is going to be in regard to giving our people that economic security which they have a right to expect. The mere lowering of trade barriers between this and other countries is not a remedy for the evils from which we are suffering, for if all the trade barriers between the nations of the world were thrown down to-morrow we should still have a tremendous unemployment problem. I do not believe in sending our foodstuffs and other goods of which we are supposed to have a surplus to other countries when our own people are compelled to go without them; we should first satisfy the needs of our own people. I say to the government: Adopt a bold and definite policy. If they do that they will receive the support not only of the small group I have the honour to represent in the house but of a large section of public opinion outside as well.

The motion I have proposed has a number of specific objectives. First, it aims to take out of industry people aged sixty and over and so give to the younger people the opportunity of doing something useful instead of being recipients of public relief. It aims at putting into the hands of the people a much larger volume of purchasing power than they have at present. For any minister or any hon. member to rise in his place and say that this or that is impracticable is not sufficient in the circumstances in which we live. We look for something definite and positive from the government. If this is not the right way of going about what we seek to do I hope the government will show what is the right way. Instead of meeting this resolution with negative criticism I hope the house will deal with it constructively, and if this is not at least a partial way out of the difficulty I shall be only too happy to support something which will show better results.

Mr. E. J. WERMENLINGER (Verdun) (Translation): Mr. Speaker, with your leave I wish to discuss the resolution of the hon. member for North Winnipeg (Mr. Heaps). I promise that my remarks will be brief.

[Mr. Heaps.]

The hon. member moved:

Whereas there exists in Canada an acute unemployment situation;

Every one realizes this fact and I, perhaps, more so than the majority of members in this house, owing to my association with the school board and city council of Verdun.

And whereas, it is desirable that as many as possible be absorbed into the useful industrial life of the dominion.

Such is the wish of all; however, a paragraph seems to be missing between the second and the last one. The hon. member for North Winnipeg concludes:

That, in the opinion of this house, the government be requested to immediately introduce legislation granting adequate retiring allowances—

I agree to this. In fact, in a greater degree than any other hon. member have I the privilege of representing in this house a constituency whose population is composed entirely of workers, who find themselves today in dire straits. However, I only wish that, between the second and third paragraphs of his resolution, the hon. member for North Winnipeg had inserted: "Unless work can be provided," either revenue-producing work, useful work or necessary work; for it might be dangerous, at present, to grant pensions to people over sixty years of age. I do not know, Sir, whether I am transgressing the rules of the house, but, representing a constituency made up in equal parts of people of English and of French descent, one half of which are artisans such as bricklayers, carpenters, joiners and plumbers, at present unemployed, the other half belonging to the so-called "white-collared brigade," it strikes me that, at this stage, our main object should be to provide legitimate and remunerative employment for our people.

I fully endorse the speech delivered yesterday by the hon. member for Broadview (Mr. Church); I did not hear it in full, but I read it with pleasure in hansard. However, I am not ready to express an opinion on the questions of housing and of slum-clearance.

On behalf of the workers of my constituency may I say, Sir, to the hon. member for North Winnipeg that I should have preferred to find an additional clause in his resolution, between the second and third ones, for I agree with the hon. member for Broadview (Mr. Church) and the hon. member for Grey-Bruce (Miss Macphail) that it is work that our labouring classes seek. I shall not stress the point further, as I shall

have an opportunity in the near future to deal more thoroughly with this important question of remunerative work.

May I point out that during the past forty years Verdun has suffered from numerous floods; we have been constantly compelled, in order to protect ourselves, to raise the level of our embankments. These floods are due to works carried on by the dominion government down stream. either in Montreal harbour or at Victoria bridge, where the piling up of the ice in the spring raises the level of the water. Because of its low-lying ground, the city of Verdun is in a unique situation and has always suffered from floods. We have never asked for aid; we have perhaps shown ourselves too-self-sacrificing.

I do not wish to discuss any further the motion of the hon. member for North Winnipeg (Mr. Heaps). I wish the house to understand that I am in favour of pensions being granted at a reasonable age, but before fully endorsing this resolution I would like to see our artisans obtain remunerative work.

In closing, I wish to thank the members of this house for the courtesy shown me, especially the members of my party, who have so cordially welcomed me in their midst.

Mr. MALCOLM McLEAN (Melfort): Mr. Speaker, I do not intend to take up much time in discussing this resolution, but because many meanings could be comprehended in so many words and because some hon. members may attribute to the motion meanings different from those intended by the mover, I think it would be well to look at one or two aspects of the matter, and to review the underlying philosophy governing the thought of those supporting the proposal.

The resolution states that it is desirable that as many as possible be absorbed into the useful industrial life of the dominion; then it proposes to take out of the industrial life of the dominion a great many men who have become expert in their respective lines, and whose labour has been most useful not only to themselves but to the communities in which they have been employed and to the country at large. The resolution contains these words:

> Therefore be it resolved that in the opinion of this house the government be requested to immediately introduce legislation granting adequate retiring allowances to all citizens over sixty years of age, thereby giving an opportunity to large numbers now unemployed to be reabsorbed into useful productive activity.

The argument is advanced or implied that by this method large numbers now unemployed would be reabsorbed into productive and useful activity. I notice however that while the hon. member for North Winnipeg (Mr. Heaps), who moved the resolution, gave the numbers enjoying old age pensions in seven of the provinces of Canada, and while that burden is such as to bear very heavily upon many of those provinces, he gave no estimate, at least that I could hear, of the number of citizens who are not suffering from old age, the number who at sixty years and beyond that are young men and women and are usefully employed. He did not give an estimate of the number who would be withdrawn from useful occupation, or the cost to which the country would be put in giving adequate retiring allowances as a result of legislation to be passed immediately by this chamber. No evidence either in numbers or in money was given as to the cost of such retirements. No evidence was given as to the capacity of the country to pay such retiring allowances, nor did we hear any evidence deduced as to the wish of individuals to retire from useful employment.

I know that at one time the right hon. leader of the opposition (Mr. Bennett) suggested the payment of a retiring allowance to people over sixty years of age, and the country overwhelmingly rejected that idea.

An hon. MEMBER: No, they did not.

Mr. McLEAN (Melfort): Absolutely. Wherever one went he heard that young men of sixty, like the leader of the opposition (Mr. Bennett) and the leader of the government (Mr. Mackenzie King), and many other young men—and I was going to say young women, but the plural would not be in order; I will content myself with saying young people of both sexes—

Mr. MacNICOL: Why the singular?

Mr. McLEAN (Melfort): I did not hear the hon. member.

Mr. MacNICOL: The hon. member suggested that the plural would not be in order. Why use the singular?

Mr. McLEAN (Melfort): I am afraid that for the moment I ceased to address Mr. Speaker, and was addressing the house. However, young people of both sexes—

Mr. BENNETT: I am bound to correct the hon. member, because he has not correctly stated what I said.

Mr. McLEAN (Melfort): I should be glad if the right hon. gentleman would correct me.

Mr. BENNETT: I corrected it once. I did not suggest that anyone at sixty years should be compelled to retire.

Mr. McLEAN (Melfort): I do not think I said that. I believe Hansard will bear me out in my statement that I did not say the right hon. leader of the opposition insisted that it be done compulsorily. I said that the right hon. gentleman some time ago gave support to a proposal to retire people at the age of sixty, on an adequate retiring allowance.

Mr. BENNETT: No, not to retire them —to provide for their retirement if they so desired.

Mr. McLEAN (Melfort): I leave it to the legal or literary purist to say how much difference there is between what I have said and what the right hon. gentleman has indicated as to the meaning of what he said. No evidence was given as to the capacity of the country to absorb this added load, and to compensate it for the loss of material, physical, intellectual and mental wealth which would be entailed if this change were brought about. Furthermore, no evidence was given that such a change would result in increased employment for the younger men, or increased production in those industries about which the hon. member for North Winnipeg has spoken.

Let me go a little further and give the house my opinion of what is the underlying philosophy of our friends of the socialist party in their attitude toward this and similar questions. After listening to their proposals for the past few years it seems to me that they are of the opinion that the principal trouble to-day with this country is that we are overwhelmed with wealth or the means of producing wealth. Because we have so much, they say, we are suffering from a state of poverty. There is no truth at all in that philosophy, as I see it. I listened very carefully to see if my hon. friend would attempt to prove that this country was suffering from an overproduction of wealth or from the capacity to overproduce wealth. During the last few years the socialist party has sent its members up and down this country spreading this theory abroad. They have contended that the main trouble is the fact that we are able to produce or have produced an overabundance of goods. The hon. member for North Winnipeg touched upon that theme to-day. He said that he left it to the Minister of Agriculture (Mr. Gardiner) to say that we had far too much food in this country, to the Minister of Trade and Commerce (Mr. Euler) to say that we had far too much goods in this country.

Mr. HEAPS: I never said anything of the kind.

Mr. McLEAN (Melfort): I leave it to the judgment of the house and of those who read Hansard.

Mr. HEAPS: If the hon. member will allow me, that is not what I said.

Mr. McLEAN (Melfort): I leave it to the readers of Hansard to decide the meaning of what the hon. member said when he addressed the Minister of Agriculture and asked if there was not much more food in this country than we could use. I made a note of what he said. He said that we were sending foodstuffs to other countries while our own people were suffering. Since I have been challenged, I should like to point out that our people are not suffering from a lack of foodstuffs, because we have too much foodstuffs. Many of the people are suffering because of the lack of certain kinds of food or certain kinds of clothing, or a certain kind of wealth. We have not in the past produced, we are not producing and we are not likely to produce in the future, any large quantities of these foods—

Mr. LANDERYOU: How about coal? The farmers in the western provinces are not getting enough coal.

Mr. McLEAN (Melfort): Where?

Mr. LANDERYOU: Right in the province of Alberta.

Mr. McLEAN (Melfort): There must be a reason. It simply means that they are not producing coal or are not producing some other form of wealth to exchange for coal, or that the facilities for exchange are absent.

Mr. LANDERYOU: Is it necessary to ship coal out of Alberta when the farmers cannot buy it and when the coal miners are on relief?

Mr. McLEAN (Melfort): If my hon. friend produced a ton of coal and I went to him and said I was his neighbour living only twenty miles away; if I told him I had no coal and would like to have some, he would ask me what I had to exchange for it. If I told him I had nothing to give him for the coal, and someone from Saskatchewan came to him for his coal and had something to exchange for it, to whom would my hon. friend give his coal?

Mr. LANDERYOU: I should like to point out to my hon. friend that the farmers of

Alberta were producing pork which could be turned into bacon at a time when the coal miners were on relief.

Some hon. MEMBERS: Order.

Mr. McLEAN (Melfort): That argument is quite familiar to me. It is one of the falsities that underlie their philosophy. Their argument is that so much wealth is being produced by the coal mines of Alberta that they ought to go and give it to everyone, whether or not they have anything to exchange for it.

Mr. COLDWELL: Is the hon. member aware of the fact that three years ago the miners in southern Saskatchewan were practicaly starving beside their coal mines at a time when the farmers were unable to sell their meat, their eggs and their produce and yet had no coal with which to keep themselves warm?

Mr. McLEAN (Melfort): My hon. friend's question is put in the form of an absolute statement. I do not know whether his statement is correct. However, I do know of some people who have been living in northern Saskatchewan, in the midst of the forest. These people have suffered from cold because of lack of fuel, and yet they were living in the midst of the woods. There were so many trees they could not see the forest. The other day the hon. member for Rosetown-Biggar (Mr. Coldwell), I think it was —I will apologize if I am wrong—stated that in the wooded areas of northern Saskatchewan he had seen people living in small one-roomed log shacks. These people had gone in to hew out homes for themselves and make farms. At that time I asked him why they did not build larger shacks when the logs were so abundant. Hon. members will remember the answer I received—because they did not control the saw mills. All around me in this chamber are hon. members who know that you do not have to have a saw mill in order to build a log shack.

Mr. COLDWELL: May I correct the hon. gentleman?

Some hon. MEMBERS: Order.

Mr. McLEAN (Melfort): I have no intention of letting my hon. friend correct what I say.

Mr. SPEAKER: The hon. member should not interrupt unless the hon. member who is speaking gives his permission.

Mr. COLDWELL: I rise to a question of privilege. The hon. member has said that I stated that these people could not build larger log shacks because they did not control the saw mills. That is an incorrect statement of what I said, as will be shown by Hansard. Am I permitted to state what I did say?

An hon. MEMBER: Hansard speaks for itself.

Mr. McLEAN (Melfort): I hope a note is being made of these interruptions so that I may be given a little extra time if necessary. However, I do not expect that I shall require any extra time, because I believe I can demolish this argument in less than my allotted time.

The hon. member stated that he had seen these one-roomed shacks, and a little later I asked him why these people had not built larger shacks, and he replied, because they did not control the saw mills. The fact remains that he stated that these people were living in these one-roomed log shacks in the midst of the woods. The hon. member for Rosetown-Biggar spoke of the coal miners at Estevan not having enough coal for fuel. I should like to make a statement which any hon. member may correct if he thinks it to be wrong. There are only one or two things to be done by the people of this country in order that they may have a comfortable supply of material things. One is that they shall produce the goods or wealth that they are most fitted to produce from the resources which the country possesses. If they produce more wealth than they can use, the quantity over and above what they require can be exchanged with their neighbours, whether they be in the same town, in the same province, in the same dominion or across the seas, for the goods that they need but cannot produce. If institutions such as this parliament, the provincial legislatures, the town and city councils, the school boards, the banks and trust companies and all other lending agencies refrain from charging, or if the people refrain from agreeing to pay, an undue amount for such services as may be rendered, then with the initiative and energy of our people, with the industry and equipment that we possess, we cannot help but prosper. This country has the climatic conditions—even in Saskatchewan where it sometimes touches sixty below zero—the resources and other things necessary to the creation of sufficient wealth for the people. This statement must be amended to the extent of saying that there are bound to be exceptions. There will always be people who cannot earn a living, and our governments have taken cognizance of the fact that there are always the sick or injured, the aged poor and the helpless young to be taken care of.

I should like to go a step further and refer again to the underlying philosophy of our friends who move such resolutions as this. You who have been in this house so long, Mr. Speaker, know it. I want to give an instance that came to my notice. I am going to quote from a gentleman who is a leading member of the socialist party and endorsed by the present titular head of the Saskatchewan socialistic party.

An hon. MEMBER: Name?

Mr. McLEAN (Melfort): I do not know that I should name him; I do not wish to bring him into notoriety nor have I any desire to cast any reflection on him. He has never done anything to me; in fact he has helped me and I want to thank him for it. But he came to the village near which I live and addressed a meeting, and he had distributed this blue-coloured pamphlet. One of these pamphlets came into my possession legitimately and I will quote a few lines as indicating the philosophy that underlies the argument of my hon. friend to-day. I know that my hon. friend does not mean this resolution in its entirety; I know him only too well to know that he does not intend it, in its entirety, to be taken practically, but politically. It may be all right at times to say some things, and that is one of the troubles at the moment in this dominion—people taking advantage of conditions to make statements which in their sober moments they might hesitate to make. In any event, this booklet was distributed; it was sold to anyone who cared to buy it. It is entitled, Co-operation or Catastrophe, and as I say, it is written by an eminent member of the socialist party who occupied a seat in this house for many years. It is:

An interpretation of the Cooperative Commonwealth Federation and its Policy, by William Irvine, M.P.

Some hon. MEMBERS: Oh, oh.

Mr. McLEAN (Melfort): My hon. friends say, "oh," and perhaps they think I should not demean myself by quoting such a pseudo-economist. But I want hon. members who say "oh" to remember this. While they are familiar with the value of these theories, while they know them for what they are worth, there are hundreds of thousands of people who find themselves in a difficult position when my friends come along with these pseudo-economic theories and tell them that unless they follow these theories something disastrous is likely to happen. That is the cause of a good deal of our trouble. These pseudo-economists tell the people that the reason we are hard up is that we have produced too much and exchanged too much and that governments take too little from us, whereas the opposite is the truth so far as these three conditions are concerned.

Let me read a few lines from this pamphlet—and remember this is not a newspaper. The argument is intended to show that there is no way in the world whereby Canada can exchange her surplus commodities for the surplus commodities of other lands and so enjoy the benefit both of the things that nature has endowed us with in this country and the things that nature enables people in other countries to produce—people in other lands more favourably situated with respect to the production of certain commodities. I quote from page 13:

Every country has a surplus of almost the same kind of goods. There are no new countries left for capitalism to exploit. There is not in the entire world a foreign market sufficient to keep capitalism going. In other words, capitalism cannot exist without foreign markets and there are no foreign markets.

I would point out that in this paragraph "capitalism" is used interchangeably with "private ownership." There is no market for the things produced under private ownership; there is no market in the world for goods because too many goods have been produced or could be produced. And here is the proof—I quote:

Take, for instance, automobiles. Someone has estimated that the United States of America could make a sufficient number of automobiles to supply eight worlds the size of our world at the same ratio of users to the population of the eight worlds as now applies to users in the U.S.A. to-day in relation to the population of that country. With such a capacity output the U.S.A. must try to sell its automobiles to all the other countries of the world. But at the same ratio of users to population Canada can produce automobiles for three worlds the size of ours, so she must also try to sell her automobiles outside of Canada. Great Britain can make enough automobiles to serve five worlds as large as our world, so she also must find a market; then France, Germany, Czechoslovakia and Japan, etc., can all make more automobiles than the world could use. Where, then, is the foreign market for automobiles? Obviously no such market exists, nor is there a foreign market for all the other commodities which are produced in common by the industrialized nations of the world.

I do not need to enter into any argument to convince the house that all industrialized countries have not the same kind of goods in the same abundance; and as my hon. friend has pointed out, even in Alberta, coal is not common under all circumstances and in all places, because he said some people there suffer from lack of that commodity in Alberta,

and in southern Saskatchewan, where some coal fields are located. But let us follow the argument; let us try to get at the truth or the fallacy of it. I realized at once the ridiculousness of the argument. If it were true, then the Liberal philosophy of trade and exchange would fall to the ground absolutely. If every country were self-contained, if every people had within their own surroundings all the wealth they needed, there would be no necessity for them to exchange anything with any other country; they could supply all their own requirements from within. If all industrialized countries had the same wealth in the same quantities, there would be no point in seeking to exchange one form of wealth for another, so long as men with health and intelligence cared to work.

If I do not put anything else on Hansard, I certainly wish to have this go on record as an indication of the fallacy of the argument of this economist, formerly a member of the socialist party in this house. I find that in the United States to-day there are a little over 125,000,000 people. The population of the world is estimated at something over two thousand million people. These figures, of course, are not exact. At best they are but estimates, but they are the closest that we can get. There are in the United States over 25 million motor vehicles, one to every five of the population. If the United States had to produce automobiles for another world the size of this, at that ratio of users to cars, there would have to be built in that country 400 million cars. To supply eight worlds the size of this world with motor vehicles the United States motor industry would need to produce 3,200 million motor vehicles.

An hon. MEMBER: Some production.

Mr. McLEAN (Melfort): That would be some production. Now coming to Canada, I find, according to this statement which I have quoted, that Canada could produce cars for three worlds the size of this world, as compared with a possible production in the United States of cars to supply eight such worlds; consequently Canada would produce three-eighths of the automobiles produced in the United States if she supplied the people of three worlds. That would mean 1,200 million automobiles to be produced in Canada if this dominion had to fulfil the prophecy made by Mr. Irvine on behalf of his party.

I have inquired what the life of the modern vehicle is and I have had various estimates of four, five and six years. Suppose we put it at six years. That means that the Canadian automobile industry would have to renew the supply of cars for these hypothetical worlds at the rate of 200 million a year.

An hon. MEMBER: He did not say that in Alberta.

Mr. McLEAN (Melfort): No; he was all right in Alberta as long as he could get away with it. But when he came to Saskatchewan the people there did some mental arithmetic and they took pencils and made their own calculations. At the rate of 200 million automobiles a year, it would seem that the industry in Canada has been very lax during the last few years, turning out 250,000 per annum—many of these cars assembled in Canada from material manufactured across the line. Many of the cars coming into this country, moreover, have been imported entirely from other lands. Taking the weight of materials in modern motor vehicles, we find it requires an average of about 3,500 pounds apiece. That is a ton and three-quarters, equivalent to 350 million tons of material that have been fabricated into them without any allowance for waste; 350 million tons of steel, rubber, copper, and other materials of that nature. And the statement is calmly made here to those who will accept it without thinking that the Canadian automobile industry could easily turn out and use 350 millions tons of material in a year in turning out 200 million automobiles. Possibly some people would still believe that that was true. In looking for the truth or falsity of that argument I was not satisfied to use my own judgment completely. I took up a little booklet, which I hold in my hand. It is called America's Capacity to Produce, a digest of a study made by the Brookings Institution, Washington, D.C., published in 1933-34, and this is what I find. I want to give it to my hon. friends opposite who really believe that industry in this and other countries could do the things that they have been saying they should do and could do if properly organized. I want to tell him, what everybody will acknowledge, that the industries of the United States have been efficiently and effectively organized to turn out large volumes of wealth. I find on page 18 of this digest of the studies made by the Brookings Institution an article regarding automobiles, and this is what it says:

> The magnitude of the motor vehicle industry and its growth during the period under review give it particular interest. By and large, production has trod hard on the heels of capacity from the birth of the industry up to 1923. An apparent recession in 1918 was due to the transfer to war work. The slump in the depression of 1921 was succeeded by an even faster rate of growth in the two following years. After 1923 there was a pronounced flattening out in the rate of growth, whereas the building of additional capacity continued.

The percentage of utilization was comparatively high up to 1923, but since that time it has shown a clear trend downward, averaging 83 per cent of practical capacity for the period from 1925 to 1929.

Our friends who use this booklet in their campaign, and the gentleman who wrote it, argue that the United States should be able to turn out 500 million cars a year. They have been turning out 3 to 5 million annually, and the Brookings Institution says that that is within eighty-three per cent of practical capacity. Is it reasonable to believe they could have turned out anything like the numbers that the speaker says? When you find the principal witness in a case or a plaintiff coming to the bar of justice and making a statement which the jury, the judge and all the spectators can demonstrate to be notoriously false and inaccurate, is it reasonable to place much dependence on anything else he may say? I submit it is not.

We find that other statements made in campaign gatherings by our friends of the Cooperative Commonwealth Federation are just as inaccurate. I hold in my hand a press report. If I am not allowed to read it, I will quote it from memory.

An hon. MEMBER: Read it.

Mr. ROWE (Dufferin): You are out of order, anyway.

Mr. McLEAN (Melfort): I know I am out of order. If I were in order I would do a whole lot better than I am doing.

Mr. SPEAKER: I would remind the hon. gentleman that he is not in order. He must confine himself to the matter under discussion.

Mr. McLEAN (Melfort): At this stage, Mr. Speaker, I want to rectify something that I had forgotten—to congratulate you on your elevation to the chair. I do it now with the greatest of pleasure, because I know, sir, that I myself and every other member of this house can look to you confidently, knowing that we will receive the utmost courtesy and the utmost consideration.

An hon. MEMBER: Justice.

Mr. McLEAN (Melfort): And justice will also be part of the courtesy and consideration which will be given to new members like myself.

Mr. WOODSWORTH: Mr. Speaker, there is no rule, I believe, that prevents the reading of an article such as that to which the hon. member refers. But I do submit that for the last quarter of an hour the speaker has not been confining himself in any degree to the resolution before the house. If we are to throw this debate wide open, all very well; we on our side will claim also the right of the widest discussion. But I submit that the purpose of the resolution is to discuss a concrete proposal, with which, I also submit, the present speaker has not been occupied for the last quarter of an hour or twenty minutes.

Mr. SPEAKER: I think the point of the hon. gentleman is well taken. I have just called the hon. member (Mr. McLean) to order, and I think he is now abiding by my decision and directing his remarks to the resolution before the house.

Mr. McLEAN (Melfort): Yes, I am anxious and determined to obey the rules of the house in every respect. I am surprised that during the speech of the sponsor of this motion my hon. friend's attention was not drawn by other members to the fact that he was out of order. He told the house that trade was no solution at all; that we are sending foodstuffs to other countries when our people are suffering—many similar extracts from his speech may be taken out of Hansard. I submit that I have not been within a mile of being so far out of order as he was, and for the leader of the socialist party to take up two or three minutes of my time in suggesting that I am out of order is, may I say, scarcely courtesy.

An article from which I wish to quote very briefly is directly linked to the resolution now before us. The resolution asks that people over sixty years of age should be retired with an adequate allowance, thereby giving an opportunity to large numbers now unemployed to be reabsorbed into useful employment. The mover referred to that as the reason for the proposal. I have here a news item entitled, "Outlook hopeless for young people, says Garland,"—that is Mr. E. J. Garland, who was the representative of an Alberta constituency at the time this speech was reported. It says:

Mr. Garland emphasized the tragedy of the hopeless outlook for the rising generation, stating that the youths of to-day were being simply poured out into the world, with no prospect for any kind of jobs.

I submit in that case it was not fair to these people to say that there was positively no hope for the young people of the country. I submit there is much more hope for them to-day than if the socialist plan were adopted. I hold a chart of that plan in my hand. The idea is to put all the unemployed in the civil service, to divide society into seven groups—

—and the particular function of our price fixing and adjustment board is to fix the

remuneration for services rendered, to each of these groups of society so that an equilibrium may be maintained as nearly as it is humanly possible to do so.

In the civil service they would put the third group, and—

—this includes our unemployed, who are already maintained by society as a whole.

They are to be given the same remuneration as farmers, industrial workers and other people of this country.

I submit that the resolution before us is not wise, that no evidence has been submitted that it would be a good thing for the country or a good thing for the people. I said a while ago that many people of sixty feel that they are in the prime of their lives, that they are able to turn out better work than they were able to do before. I know that there are many over sixty among our returned men who have the right, perhaps, to expect more generous treatment than they are receiving at the present time. The law provides for them at sixty the same old age pensions as it provides for others at seventy, and it may be that it is desirable to extend special consideration to them; but to say that for all the workers who wish to retire, even if it were not compulsory to do so, adequate retiring allowances should be given, I think is a mistake.

We are sometimes told that the trouble with the world is that there is so much of everything we might have and that we are not using. I remember, and I wish to quote from memory, the words of one of the greatest economists in Europe to-day, Doctor Gustav Cassel, of Stockholm. He says: "We are told to-day that the trouble is that this is an age of plenty, that we cannot distribute it. It is not yet an age of plenty. In 1928, when production was at its height, when the factories were open for longer hours than they were before, and when the machines were running faster than they ever did before, we were turning out barely as much wealth as was required to satisfy the people of the world on the scale upon which they were accustomed to live at that time." That being true of 1928, when the wheels of industry were running at their fastest and when there were no unemployed at all who were able and willing to work, if this economist was correct—and I submit that there is no greater name in the economic science of Europe to-day—we were producing barely enough for the needs of the people on the scale to which they had become accustomed.

Mr. LANDERYOU: May I ask a question?

Mr. McLEAN (Melfort): Just a moment and I will be through. Why is it, then, that to-day we are living on a poorer and lower scale? There are three principal reasons. One is that we are not producing the wealth we were producing at that time; we are not producing the amount of wealth this country could produce. Why is that so? One principal reason is the mistaken policies of this and many other countries that have not allowed us to exchange our surplus wealth in the markets of the world in order to bring home our wages. It is not enough to sell our wealth; we must be allowed an opportunty to bring home our wages in the form of goods or services we wish to buy from other countries, and during the last five years in particular in this and many other countries we have not been allowed to do so. There is another difficulty, to which I have already referred. Many governments have provided services at which our forefathers would have scoffed. These services may be and in some cases are desirable, but many of the things that have been done were neither imperative nor essential. That is another factor contributing to present conditions.

Now I want to give my hon. friend, who wished to ask a question, and who was courteous enough not to interrupt me, an opportunity to put his question.

Mr. LANDERYOU: If it is true that we are in an age of scarcity I should like to ask the hon. member why we do not put the unemployed to work to create more.

Mr. McLEAN (Melfort): That is a fair question, and I will try to answer it. It is absolutely true that to-day we are in an age of relative scarcity in Canada. Let me give an illustration. I was going to say that for the last five or six years providence has failed to shine, but that is not what providence has failed to do. Providence has failed to rain on southern Saskatchewan, Alberta and parts of Manitoba, and because providence failed to weep on that land it did not produce the wealth we had been accustomed to see there. The grain was burned up by weather conditions, and the people in that part of the country are hard up to-day principally because they were unable to produce that wealth. That is true in many other lands. It is not possible to put the unemployed to work to remedy that situation. I do not know how many unemployed it would take to water even an acre of wheat. We have no rain producer, like Mr. Hatfield, who came to Alberta and took a good deal of money from the farmers of parts of that province on his undertaking to produce rain. I have no doubt

my social credit friends are quite sincere; they think they have found something that will be helpful. I hope they have, and that they will have an opportunity to apply it, but the real reason we are poor and hard up is that we have not produced wealth to the extent to which we were accustomed. Take the grain production of the prairie provinces; my hon. friend knows as well as I do that for five or six years we have not produced anything like the amount of grain we formerly did, and as a result we have not had it to sell or exchange for the things we cannot produce ourselves to advantage.

It is another fallacy, I think, to say that this is not an age of scarcity, that we need not suffer for the lack of things we might like to enjoy. Anyone who has produced plenty, who has used it carefully, who has exchanged the surplus for something produced by his neighbour, who has not had too great a toll taken from him by any institution and who has not suffered misfortune, injury or ill health, knows that he is well off.

Another favoured assertion of my hon. friends is that to-day we have an age of machines as against men. This is not an age of machines at all; this is the great age of men, and machines are only the evidence of it, machines that have been made to take over the physical labour, the drudgery, the slavery, the long hours, to take them from the human frame and put them on the machine, where they belong. Do any of my hon. friends think machinery is going to come down from above like manna, that it can be made without physical labour? You cannot find the machinery that is needed in Canada in the drop of ink that lies at the point of a fountain pen. Machines have to be made. Machines do not produce wealth; they simply process further the wealth that men have produced from the resources of nature.

I think my time is almost exhausted, Mr. Speaker, and I wish to thank you and the house for the very courteous reception you have given my argument. It has not been delivered, perhaps, in a very eloquent way, or as clearly as I might like to present it, but when hon. members investigate it they may find that the kernel is there and that if they take advantage of the opportunity of chewing that kernel it will be to their economic enlightenment.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, the resolution before us looks in the direction of extending the Old Age Pensions Act. It is perhaps rather unfortunate that the administration of that act has been transferred from the Department of Labour to the Department of Finance. I suppose the transfer is very natural; the actual administration is so largely under the provinces that so far as the dominion is concerned it is almost entirely a matter of finance, but still I think it puts this kind of legislation in rather an unfortunate position. It makes us think in terms of finance rather than in terms of the needs of the people, and it is to that latter point of view that we should direct our attention to-day.

This is not quite the place or the time to discuss the failings of the present act, but in passing I should like to point out that a great deal of hardship has been caused because of the long residence in Canada that is required. There are many people who came from Great Britain as bona fide settlers who have not lived in this country long enough to qualify under the act. Further, there is an even greater difficulty in Canadian citizens passing from one province to another, which often means that for a good many years they cannot qualify in the province to which they finally removed. I hope the time will come when we will consider Canadian citizens as such irrespective of the actual part of Canada in which they have been living. Again, I think, because of the property qualifications, a good deal of hardship has been caused in the actual administration. A great many people find themselves unable to qualify because of tiny bits of property which perhaps to-day are liabilities rather than assets. In addition we all recognize that the amount of $20 a month is a very, very meagre allowance. I wish that could be increased.

In the resolution now before us we speak of adequate retiring allowances, and there are two points that we should keep in mind. The first is that the amount we give the old people should be adequate to maintain them in a respectable way. It is hardly adequate to-day. Further than that, I am glad to note that my colleague has adopted the phrase "a retiring allowance." As it is to-day, frankly, the old age pension is more or less on a charity basis. I hope the time will come when we will consider that during their working period the older people of this country have done enough work to enable them to claim this allowance as a right rather than as mere charity. You will note, Mr. Speaker, that the resolution links up the necessity for a lower retiring age to the present situation of employment in this country, in these words:

Whereas there exists in Canada an acute unemployment situation—

The debates of the house during the last few years will, I think, make clear to anyone that we have had an acute unemployment situation in this country; at the present time some 400,000 people are out of work.

And whereas it is desirable that as many as possible be absorbed into the useful industrial life of the dominion.

The very question that we were discussing on Monday; I do not think it necessary for us to traverse that ground again. Various solutions have been proposed, among others shorter hours. I think that would be a good thing. If there are 400,000 people unemployed there is no reason why the work should not be distributed more equitably so that everyone would have something to do; that is one line of attack. And we have in this resolution a second line of attack, that is reducing the working forces. Now it is quite evident that a good many people at sixty are well able to carry on; on the other hand many people at that age are not in their prime. At the other end of the age scale we have tens of thousands of young people for whom there is no opportunity of work. It is to those young people that we seek to give a chance. I have known homes in which the father, a man of sixty to sixty-five years of age, half-crippled, is working in the shops while his young healthy son of twenty-five is living on the family simply because he cannot get work. Surely it would be a good thing if the father should receive a retiring allowance that would take him off the labour market and give that young man a chance to go to work. That is the spirit of the resolution.

Mr. DUNNING: Does the hon. member intend that such a man should be compelled to retire?

Mr. WOODSWORTH: No; we do not intend to compel him to retire any more than under the present Old Age Pensions Act we force men to retire at seventy. But if a man wishes to retire or is incapable of carrying on, then we give him an opportunity to retire.

Mr. TOMLINSON: Would the leader of the Cooperative Commonwealth Federation be agreeable to retire at sixty?

Mr. HEAPS: Let the hon. gentleman put that question to his own leader first.

Mr. DUNNING: How much has my hon. friend in mind as "an adequate retiring allowance," in the terms of the resolution?

Mr. WOODSWORTH: I think my hon. friend who proposed the resolution suggested $50 a month. I do not mean that that would bring great luxury, but it would be an advance on the present $20 a month. We are attempting to set a certain standard by suggesting an "adequate retiring allowance," a high standard if you will. In the actual working out of legislation a great many factors would have to be taken into consideration.

Mr. DUNNING: I do not think it is very high.

Mr. WOODSWORTH: It is a great deal higher than the present $20 a month, and we think it would be more or less adequate, having in view the ordinary salaries and wages being paid to-day.

Mr. DUNNING: When I said that I thought it was not very high I had in mind the argument which my hon. friend was making previously, which I am sorry I interrupted, in which he was developing the idea of making it sufficiently attractive for the old men to retire in order to make room for the sons.

Mr. WOODSWORTH: I think at the figure suggested it would do that. Perhaps both my colleague and I are thinking more particularly of the great masses of the people engaged in manual work. There are large numbers of those people who would gladly retire on $50 a month.

Mr. MACDONALD (Brantford): Does the hon. member include women in that?

Mr. WOODSWORTH: Yes. Any individual—man or woman—should have the right to retire. I fancy that in working out legislation of this kind in the case of a man and wife, we might give the wife a smaller amount, say $30, so that the total for the family would be $80 a month, something of that nature. At the present time a very large number of wage earners in this country are receiving only $600 or $700 a year. If we offered a family $50 to $80 a month this would make reasonable provision for their old age and I think a great many would be willing to accept that retiring allowance and thus give their sons and daughters a chance to take their places.

I do not propose to follow the speech of the hon. member for Melfort (Mr. McLean); I hope the line of attack which he has taken is not going to be characteristic of the approach of the Liberal party to this subject. He made quite an elaborate disquisition on what he regards as the position of the Co-operative Commonwealth Federation. He said our position is that we have too much wealth in this country. None of us has ever taken that position. We do believe that

there is in this country an enormous amount of potential wealth which is not being fully developed. I am quite familiar with the pamphlet of the Brookings Institution from which he quoted, but may I point out that the Brookings Institution were speaking of the machinery of production as we now have it, and its utilization to full capacity. With that we can produce a great deal more than is being produced to-day.

Mr. McLEAN (Melfort): On a question of order, Mr. Speaker, I should like to ask whether the hon. member, who raised the point of order as to myself, is now in order in traversing my argument.

Mr. SPEAKER: I do not think the hon. gentleman is absolutely out of order. Considerable latitude is being given in the treatment of these questions.

Mr. WOODSWORTH: The arguments of the members opposite, if you can call them such, were put forth long before we called attention to the point of order. I say that we believe there is great potential wealth in this country. Referring to the document of the Brookings Institution which was quoted, I point out that the consuming power mentioned was limited to what economists call effective demand, that is what the people can pay for. Undoubtedly there never has been any very great surplus over and above what the people can afford to purchase. But if you take another document issued in the United States by a group of economists and technicians, to which I have referred before, that report to the president not long ago clearly showed that if the machinery of production that exists in the United States were used to full capacity it is quite possible to produce the equivalent of $4,400 a year income for every family in the United States. I do not need to go further along that line.

These contentions of ours may be characterized as pseudo-economic theories. I submit, however, that in view of the actual situation and in view of the great need of finding markets for our products, and the huge number of unemployed, it is high time that the Liberals should revise their theories and adopt some plan that would enable them to take care of the present situation. The hon. member for Melfort said that there was no evidence as to the numbers eligible and the cost. That reminds me strongly of the arguments advanced ten years ago when some of us proposed that there should be old age pensions at seventy. It is true that one can make only a guess at these things; that was true in England when old age pensions were first proposed, but the population of the different countries conforms to certain general laws, and other countries which have had social legislation of this character for some years are now in a position to advise us as to what the numbers and approximate cost would be. My colleague referred to those figures.

As I have said, there is nothing in the resolution suggesting that any person would be compelled to retire at the age of sixty. When the Prime Minister (Mr. Mackenzie King) received a delegation from the Trades and Labour Congress he passed off somewhat lightly the demand made along the lines of this resolution when he suggested that if every person over sixty were bound to retire this would affect both himself and the leader of the delegation, Mr. Draper. That may be quite true. As a gentleman to my right said a few moments ago, it might be that I would have to go, because I have gone beyond the sixty mark. It would probably mean that the Prime Minister would have to go and it would certainly mean that the leader of the opposition (Mr. Bennett) would have to go. But such a pleasantry does not answer the question. Some of us may be able to carry on for a few years longer, especially those of us who have been engaged in intellectual work.

No one wishes to force a man capable of carrying on to retire, although sometimes I think it would be to the advantage of our country if we had a larger proportion of young men in this chamber. We might get some new blood which would bring something of greater value than we have been able to give in the past. I suggest however that such a reply as that given by the Prime Minister does not solve the problem. If some of us were forced to retire, without adequate superannuation, I rather fancy a good many of us might find it extremely difficult to obtain suitable employment. University presidents who are retired at sixty or sixty-five sometimes find it extremely difficult to find other suitable positions. I need not stress that point to hon. members. Any person who has been away from his own profession for ten, fifteen or twenty years and suddenly finds himself thrown out, without any reserve, would, even though intellectually acute and able, find himself in grave difficulties when he went about securing another position. I have known only too many people who have been in that position.

I am not thinking however so much of the intellectual workers, but rather of the

manual labourers. To-day in many industries men are being laid off not at sixty but at fifty, and sometimes forty years. Certainly no man is taken on in ordinary industry after he has reached fifty years of age. A great many people find themselves in very distressing conditions when at sixty years they are laid aside and cannot hope to obtain old age pensions until they reach the age of seventy. I would call the attention of hon. members to the fact that with the exception of the farming population five-sixths of the working class population in Canada are employees. That means that with the wages they have been receiving they have had no opportunity to lay up very much by way of reserves. Further, we know there is a considerable turnover in the personnel in nearly all our factories, which means that many of our people may have worked in ten, twenty, thirty or forty different establishments between the ages of, shall we say sixteen and sixty. No one particular establishment has any responsibility for such an employee who reaches old age. The last firm which employed him has no special responsibility when he reaches the time he must retire. Some employers who may have a greater sense of responsibility and are more humane than others may seek to keep employees in their service after they have passed the period of greatest efficiency. There should be some general provision, however, and industry as a whole, or the state, should have the responsibility of seeing that a man who has done good work between the ages of sixteen or eighteen and sixty should be decently looked after in his older days.

There is nothing very radical in the resolution, notwithstanding the observations of the hon. member for Melfort (Mr. McLean). There is nothing particularly socialistic in it. I say it is an honest effort fairly to meet one of the outstanding practical and personal problems facing us to-day. I would hope that the Minister of Finance (Mr. Dunning), who since this affects his department will undoubtedly reply, would give the matter serious consideration. The resolution is not offered by way of criticizing the government for what it has not done in the past. We have a new government to-day. The resolution is not put forward as a result of any special theory, unless it be this, that the needs of Canadian citizens should have priority, and that in a country potentially as rich as Canada there is no reason for elderly people suffering hardship. That is our plea for reducing the age at which old age pension or retiring allowance may be received.

Mr. MACDONALD (Brantford): Would it suit the purpose and carry out the intention of the hon. member if the present act were amended, or if the age were changed to sixty years instead of the present seventy years?

Mr. WOODSWORTH: It would go quite a long way, but not the whole distance, because I believe the present allowance is too low and under present arrangements the old age pension is virtually a charity. I should like to have it on a basis whereby a man reaching the specified age and otherwise qualified might receive the pension without any sense of humiliation. We have retiring allowances for judges, for members of the civil service, and for certain other classes of employees. I do not know why we could not have an arrangement whereby others might receive retiring allowances without suffering humiliation thereby.

Mr. BAKER: Does the hon. member not think that the age of sixty-five would provide sufficient change?

Mr. WOODSWORTH: Certainly if we cannot have sixty we would welcome a compromise of sixty-five.

Mr. BAKER: Many men are young at sixty-five.

Mr. WOODSWORTH: Quite so.

Mr. WILTON: Is it assumed in the resolution that the federal government will take full responsibility for the added cost or is it to be added on the percentage basis, as now exists, a certain proportion of the cost being placed on the municipalities, many of which are now in a very unsatisfactory financial condition?

Mr. WOODSWORTH: We are not drawing up a bill, but simply advancing a plea that the age be lowered. I believe there is much to be desired by way of revision of the present act. Personally I should like to see a larger proportion of the cost borne by the federal authorities. I realize that the municipalities are in no position to contribute more than they are contributing to-day. Further than that, it may be advisable to include old age pensions as part of a still wider scheme of social insurance. If I understand the Prime Minister's position I believe it has been more or less in his mind through the years that old age pensions would simply form part of a wider scheme including disabilities of different kinds.

Before taking my seat may I suggest that among other things I should like to see included provision for the blind, because blind

people are virtually old from the time they become incapacitated. However may I repeat that we are not drawing up a bill, but merely urging a principle.

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, with your kind permission, before saying a few words about the subject under discussion may I offer congratulations to the hon. member for West Kootenay (Mr. Esling) upon passing another milestone in life. Perhaps I may be permitted also to express the hope that he has many years ahead of him and that many of them will be spent, not on this but on the other side of the chamber.

I would not intrude into this debate did I not realize and appreciate that a new member making his initial effort is given every possible consideration by older members who have had more experience. My main reason for taking part in this discussion is my long experience with young men and young women. I concur with the mover of the resolution (Mr. Heaps) in his expression of sympathy for the young men and women of this country because of the position in which they find themselves to-day. That position is not of their own making; they have been called upon to suffer intensely because of conditions prevailing at the present time. I gained further encouragement from listening to the very able address made earlier this week by the Minister of Labour (Mr. Rogers). I offer him my sincere congratulations upon his address. I hope that some of the principles which he enunciated will be brought down in the form of legislation in the very near future so that we shall have something concrete to discuss and not have to continue to deal with abstract problems.

For the past eight years we have been going through a period of distress, but this is not the first time in the history of the world that a period of distress has overcome us. I look back to the latter part of the seventeenth century when our forefathers were changing over from hand to machine labour and think of the distress that followed in the wake of that change. I look back to the social revolution that followed immediately the change in the economic life of the people of that time. Conditions which prevailed then were similar to those which have prevailed during our own lifetime. We have seen a remarkable economic change in the adoption of electrically driven machines and other types of machinery which have largely relieved man of heavy labour. Between the industrial and social revolutions occurred the Napoleonic wars which aggravated a rather unfortunate situation. In our own day the great war accentuated conditions which would have occurred even though the war had not taken place. We are in the midst of change and we must readjust the social fabric of this country to meet the changes that have taken and are now taking place. The main trouble and difficulty in Canada is the fact that compared with other countries of the world we are many years behind in social legislation. We have not kept up with the economic and industrial changes which have occurred during the past twenty-five years.

I should like to point out one peculiar fact in connection with conditions which prevail in this country. During the early part of this century we entered upon a period of tremendous expansion. I recall the words of that great Canadian statesman, a man who led this house for many years, Sir Wilfrid Laurier, when he said that the nineteenth century belonged to the United States of America, but the twentieth century would belong to Canada. That statement was true then and is true to-day; the only difficulty is that we started to build on the expectation of an immediate realization of that statement. The development of Canada has been impeded by the war and by industrial conditions which developed after Sir Wilfrid made that statement. We are overdeveloped in our railway system; we are overdeveloped in our industrial system; we are overdeveloped in our governmental system, and the result is that we find ourselves unable to cope with a situation which at its best would have been bad enough but which was further aggravated by this period of tremendous expansion.

We have considerable unemployment in our midst to-day. The other evening the remark was made from the other side of the house that unemployment began to be felt only after 1930. Unemployment actually made its presence felt in this country in 1925; it was only accentuated and forced upon our attention in 1930. Government reports show that in the heyday of our prosperity, in 1928, the number of unemployed in Canada was actually 146,000 people. That figure did not take into account those who are usually unemployed, such as the indigent class which we have with us always, or those who are seasonally unemployed. The figure shows that the unemployment situation began to develop long before 1930 when it was brought home to us so forcibly.

It would be useless for me to attempt to inquire into all the various causes and reasons which might be advanced for the depression out of which we are striving to find our way at the present time. It will be sufficient for me to direct the attention of hon. members to some figures. Lack of income on the part

of our Canadian citizens is responsible to a large degree for the over supply of materials and commodities with which we find ourselves. I notice that in 1929 the total income of the Canadian people was $5,500,000,000; in 1932 this had shrunk to $3,181,000,000, a shrinkage of over two billion dollars. When you take out of circulation in this country a purchasing power of over two billion dollars the natural consequence is a lack of employment and a lack of ability on the part of the people to get the wherewithal with which to enjoy life.

There is another point I should like to raise, one with which all hon. members on this side may not agree. A year ago my faith in the Conservative party was emphasized and re-established in no uncertain degree by the series of addresses given by our leader. The statements that he made at that time were implemented by measures passed by the house, which measures represented considerable progress in social legislation. It is my hope and expectation that something further will be done along that line and that the legislation passed last year will be found to be in order and will be supplemented by additional legislation introduced at this session by the present government. We are in dire need of advanced social legislation; the Canadian people are clamouring for that type of legislation, and rightly so. I feel that they have a right to demand it, for in my opinion it is the first duty of the state to provide for the sustenance of the people living within it. The statement I wanted to make, with which many members might disagree, I would put in these words: We have reached a point where we know there is a surplus of labour. I am going to say this, and I am open to contradiction and correction if I am wrong in my line of reasoning and the conclusions I have reached: Never again in the history of Canada are we going to have a balanced budget in respect to labour conditions in this country. There will always be a surplus of labour in the labour market not only of Canada but of the world, and for that reason I am keenly urging that some action be taken in relation to social legislation in order to meet a necessity which has arisen and is bound to remain with us. This surplus of labour must be looked after; it is our duty to look after every class of citizen living in Canada. And these people can be taken care of only by means of legislation such as is proposed in the motion before us and legislation of a similar type.

As I said in the first place, I am expecting great things from the new Minister of Labour (Mr. Rogers). Although he sits on the opposite side, I admire his capacity; I know his ability and I feel that if he is given a free hand by other members on his side of the house he will bring in legislation that will tend to alleviate some of the distress with which we are faced at the present time.

In conclusion I wish to emphasize this fact as forcibly as I can: Social legislation must immediately be introduced and we must take cognizance of the fact that there is a surplus of labour in the labour market; we must take cognizance of the fact that there will always be a surplus of labour, and we must adjust our social legislation to meet a circumstance of that kind.

Mr. R. J. DEACHMAN (Huron North): The resolution brought forward by the hon. member for North Winnipeg (Mr. Heaps) will not increase the total number of men employed. One section of the working army is to be retired and a new section is to take its place, but the unit strength of that army will remain the same. It will not increase the total amount of production and therefore will not increase the total amount of purchasing power. I go further: it will decrease the wages paid.

My friends are a bit uncertain as to the cost, one mentioned a total army of 870,000 which was to be retired, and another suggested a payment of $50 a month or $600 a year. There would therefore be a total bill to meet of $120,000,000 a year. That sum must be met; it must be paid out of total production, and therefore there will be a smaller total to distribute, and as a result a lower net or real wage going to the worker. I go further; it will decrease the total number of men employed, for the simple reason that when you add a burden of this kind you have greater taxes to pay; and in the matter of taxation there is even now in the dominion a burden too great to be borne. Certain industries under pressure now would decline, fail and go out of business.

It would add a greater burden to the industries which are competitive in the export market of the world, and therefore they would not be able to produce in the same volume as before, and so there would be a decline in the total number of men employed.

I know that my hon. friends who have spoken this afternoon represent largely the labour interests. It is most astounding that we should see standing up in this house to-day leading representatives of labour bringing forward a proposal, which can do nothing but reduce the wages of the employee and decrease the total number of men employed. I wonder if this is the greatest constructive

suggestion they can offer. I leave that baby on their doorstep; it is their own. I ask them, if the opportunity comes and they may have the chance, to explain in what way this is going to improve the position of the worker, either in so far as numbers are concerned or as regards the wages paid to the individual.

Mr. ANGUS MacINNIS (Vancouver East): In seconding this resolution proposed by the hon .member for North Winnipeg (Mr. Heaps), I felt that I was merely supporting a resolution that would direct a certain matter to the attention of the government, asking that a certain principle should receive consideration. We did not nor could we lay down the exact terms in which this matter could be carried into legislation. That will be the function of the government if and when they feel that the resolution has merit. Before going any further I wish to quote very briefly from a statement made by the present Prime Minister (Mr. Mackenzie King) in this house in the session of 1925, which can be found in Hansard of that year. Old age pensions were being discussed at the time, and this is what the present Prime Minister, who was also at that time Prime Minister, said:

> There is need for society to assist in the protection of its members against a condition which simultaneously places burdens upon the workers whose day's work is done, and on the worker whose day's work is just beginning. If the young are to be given a fair start in life, the care of the aged should not be their first responsibility.

That principle holds true to-day in a far greater degree than in 1925, because the conditions that exist to-day, which put a greater responsibility on the young as well as on the aged, are intensified. There was never a time when it was more necessary than it is to-day to make provision for people for whom industry has no use. There was never a time when this could be more easily done, because there was never a time when the means and the material with which to do it was as great as it is to-day.

The hon. gentleman who has just sat down (Mr. Deachman) asks whether we have taken the expense into consideration. Yes, we have taken expenses into consideration, and we know what they are. All the expenses involved are the labour it requires to bring those material things into being. All other expenses are merely those that arise because of the property relationship that exists in human society to-day. When one set of people own and another set of people do not own, every single item that enters into the lives of those who do not own must come

out of the property and income of those who do. So as long as this property relation exists the question of expense will be always with us. But once we overcome that question of property, the matter of expense will disappear, and we can go on and develop the resources of this country so as to provide not only for the necessities of life but for the comforts and luxuries as well. To-day, because of the profit system, the masses of the people are living in poverty, in misery and in insecurity in the midst of plenty. That is the situation.

So far as we in this corner of the house are concerned, we ask the government to do, not the limit that we should like to see done, not the things that we believe are possible to be done, but the things that we believe are within the ambit of their own program. That is where we stand on the matter. I have been a member of the working class all my life. I know that there are many men to-day over the age of sixty who would be very glad to retire on a pension of much less than fifty dollars a month. I know also that there are many people in industry whom their employers are keeping at work, although they realize that their industrial efficiency is gone. There are various reasons for this. In some cases they do not wish to throw them on the scrap heap of unemployment; in others, some protection is afforded to the employee by trade union regulations and such things as that. Recently the province of British Columbia made a survey of unemployment in that province. It shows very clearly how unemployment increases with advancing age. In examining figures for a ten year period experts find that there are 4,300 persons on relief between twenty and thirty years of age, 5,188 between thirty and forty, 5,636 between forty and fifty, 6,526 between fifty and sixty and 4,345 between sixty and seventy. I think that gives an indication of how difficult it is for people who are getting up in years to find employment in industry at the present time. In British Columbia employers in the lumbering and fishing industries do not want men over the age of thirty-five. In the lumber industry they can get all the active young men they want below that age. I visited quite a number of plants in British Columbia this year, particularly the works of the Consolidated Mining & Smelting Company in Trail, and it was really amazing to note the youth of the employees as a whole. It appeared to me that there was not a man over fifty years of age working in the whole of that huge plant.

Something must be done to take care of these people. The hon. member for Melfort (Mr. McLean) said that the means of overcoming the situation that confronted us to-day was quite simple. All we had to do was to go on producing all we could produce and then clear away trade barriers and exchange our surplus goods for the surpluses of other nations. That is quite a reasonable and a logical thing to do. But the fact of the matter is that it cannot be done; that is, it cannot be done at the present time and under the present system. Let us take as an example the largest free trade area in the world. The United States of America, with its 130 million people and with an enormous territory where they are capable of producing almost every known commodity, is to-day the largest free trade area in the world, and if free trade in itself could effectively distribute the fruits of industry, why are there eleven million people unemployed in the United States? Why are there approximately 21 million in the United States on relief? You cannot settle the question by declaring that it can be solved simply through clearing away trade barriers. The reason it cannot be done in that way is that certain people in the world to-day, even in the Dominion of Canada, are receiving so much of the total pool of production that they do not know what to do with it; they could not exchange it and use the commodities that they could get in exchange even though they wanted to do so.

During 1934 and 1935 we had a commission sitting on price spreads and mass buying. I am not going to take up the time of the house with any extensive discussion of this report, but I would like to call your attention to one of the industries investigated at that time. It was found that the average wages in the tobacco industry were $555 a year. Reference was made in the investigation of one of the tobacco firms to others beside the workers who produce the wealth by manufacturing the raw material into saleable commodities: others were getting income as well. The president, Gray Miller, was receiving in those years of depression, from 1929 to 1933, $25,000 a year. Besides that salary he received as a bonus in 1929, over $45,000; in 1930, over $61,000; in 1931, over $40,000; in 1932, over $32,000, and in 1933, over $44,000. How can people receiving incomes of that size exchange the values which that income represents and consume the values received in exchange? It cannot be done. Going on a little further: the vice-president, D. C. Patterson, was receiving a salary of $40,000 a year. Compare that with the average wage of the employees, $555 a year. And besides that salary of $40,000 he received a bonus each year: in 1929 it was $75,000; in 1930 it was $102,000; in 1931 it was over $67,000 and in 1932 it was over $53,000. Do you wonder that there is a surplus of commodities that cannot be consumed, although there are people who are ready to consume them?

Now I shall take up another tobacco manufacturing plant, the Macdonald manufacturing plant.

Mr. DUNNING: On a point of order, Mr. Speaker, I think you once ruled that this discussion should relate to old age pensions.

Mr. SPEAKER: I would ask the hon. member to confine himself to the subject matter of the discussion. We have wandered a little too much in the discussion to-day.

Mr. MacINNIS: I assure you, Mr. Speaker, that I will try to keep within the rules of the house, but the question has been raised as to where the money is to be found and I am trying to show the house where the money can be found. I have referred to the Imperial tobacco company; I refer now to the Macdonald tobacco company. One man took out income at the rate of $5,000 a week or $260,000 a year. It would take an individual employee of that factory 468 years to take out of the industry as much as the owner took out in one year. That is where the money can be found. I do not find very much fault with the Minister of Finance (Mr. Dunning) for trying to stop the discussion there, because it does not look very well, but still these things will have to become known.

Mr. DUNNING: I must object, Mr. Speaker. I merely raised the point in the interests of compliance with the rules of the house, and with no other motive. My hon. friend cannot impute motives to me, and I must ask him to withdraw that imputation.

Mr. MacINNIS: I accept the minister's explanation and withdraw—

Mr. DUNNING: There is no explanation at all; my hon. friend must withdraw the imputation of motive which he has attributed to me.

Mr. MacINNIS: I said on the explanation given by the minister I was willing to withdraw. The minister said he was calling your attention merely to the rules of the house, with no other motive, and I am accepting that.

There is not very much more I wish to say, Mr. Speaker, except to express the hope

that the government will take this matter into consideration, having in mind not merely the wording of the resolution but also its intent. If they cannot go all the way I am sure that those of us in the little group in this corner will be very grateful if they can go any distance at all.

Mr. T. L. CHURCH (Broadview): Mr Speaker, I am opposed to the proposal enunciated in this resolution; I am opposed to putting any more burdens or artificial barriers on business to-day in the two industrial provinces of Canada. The other night, it is true, I did support the expenditure of public money, and I am prepared to support it again. To-day we are spending $100,000,000 on relief in this country, federal, provincial and municipal, and it was shown before the housing committee last year that about two-thirds of that amount, or $60,000,000, if distributed among the carpenters, bricklayers and labourers of all kinds in wages would get thousands of people off the dole and back to work. I believe an economic arrangement of that kind could be made.

Let us have a look at the cause and effect of this resolution. It is simply state socialism, to which I am absolutely opposed. I do not think it will afford the unemployed any more relief than the special academic pleading of the Minister of Labour (Mr. Rogers) the other night, when he had before him the example of England and the United States as to what could be done in regard to reconstruction and housing within the ability of this country to pay. This question of unemployment is a matter exclusively for this parliament. Here we make the tariff, the immigration laws, the banking and commerce laws and so on, and for that reason we must be responsible for unemployment. One of the glories of the Victorian era was the fact that the people kept the state. If the socialists both in and out of this house go much further it will be a case of the state keeping the people, first, last and all the time. William Pitt was prime minister of Great Britain at twenty-three—

> A sight to make surrounding nations stare,
> A kingdom entrusted to a schoolboy's care.

—but every age does not produce a Pitt.

In my opinion, Mr. Speaker, this resolution would have the very opposite effect to what I think is intended by the mover (Mr. Heaps). I am sorry I did not bring down with me the return asked for by the late Mr. McCrea, an old member of the house for Sherbrooke, which showed that eighty per cent of the cash taxes of this dominion were paid by the two central provinces. The heavy burdens and artificial barriers placed upon business to-day in Ontario and Quebec are driving many business men to the wall and are one of the main causes of unemployment and unrest. Let me say to my socialist friends that the right to possess private property such as a job is derived from nature, not from the state or from man. That is a principle that has been known for many years, and is not the title to a job property? This parliament of Canada and the state has no authority to abolish that right, but only to control its use and bring it into harmony with the public good. The state has no right to abolish private property; a man's job is his private property, and the government has no right to take that away from him.

Last year the party to which I belong provided a new deal and a new future for the people. I cannot speak for this corner of the house officially all or any of the time but I can say that we are just as much opposed to state socialism as we are to the laissez-faire policy of the Liberty party and to economic liberalism and state and social credit socialism. As it is, this country is burdened with debt to an almost impossible extent owing to the war and the cost of daily increasing social services, so that we are threatened with a condition in which no one would be working and the state would have to keep not some of the people some of the time but all of the people all of the time. We are consistent protectionists; we believe in protection all the time for all the people, not some of the people some of the time. We favour protection for the iron, the coal and steel industries for the farmer and for all classes, and for the industrial worker who is foreclosed, the same as the farmer and fisherman. Who but the former Prime Minister (Mr. Bennett) would have done the work he did for this country for the past five years? What man of sixty or under could have done this so efficiently? This party is just as much opposed to economic socialism as we are to the economics of the Manchester school and economic liberalism held by the Minister of Labour. We do not want mob coercion. Modern capitalism shares a great deal of the blame for economic conditions in this country and must clean house and adopt a new set of rules—every living game has to have new rules from time to time and the capitalistic system requires a new set of rules to bring it up to date. But in any system the principle must be retained of every man working for himself, instead of state socialism as called for in this resolution. We in this country will never become slaves; the state will never take away our freedom. We must cure these evils of unrestricted competition, starvation wages,

sweat shops, long hours, monopolies, child labour and all such things; we should be better employed in giving our attention to these matters rather than to the proposed resolution, which will get us nowhere and destroy every industry in central Canada which pays the bills mainly for all Canada.

Who is going to pay for all this? It would just go on the taxes of the industrial provinces and industry would practically have to close up. This whole idea started about twenty years ago. Most of us remember a distinguished citizen of Toronto, Sir William Osler, who graduated from McGill and went to the great Johns Hopkins hospital in Baltimore and became professor of clinical medicine there and afterwards went to Oxford. The hon. members for West York (Mr. Streight) and North York (Mr. Mulock) represent the ridings in which the father of this celebrated man lived. In 1905 Sir William Osler made a speech in which he said that men at forty are inefficient and at sixty are useless. That has since been proven to be wrong; the war proved it wrong, and conditions after the war have proved it wrong. If we took away from the arts and sciences, from literature and medicine what the men over forty or even over sixty did, we should be back in the middle ages. Of course there are exceptions. Sir William Osler's idea was that the man over sixty is settled in a rigid mental groove so that he no longer has imagination enough to develop new ideas and adjust himself to new conditions. Henry Ford declared recently that men of middle age are stable and experienced and do better work, calling for endurance, which is often shirked by younger men. Had the experience and judgment of the older men been heeded in 1929 the world might have been saved some of the consequences of the stock crash disaster. They gave warning against the vast speculation. The value of their judgment is incalculable, especially in industrial affairs. If all the men over sixty were withdrawn from the financial institutions, banks and insurance companies and labour generally in this country, I do not know what would become of it.

The first duty of the government is to solve the problem of unemployment and distribution and I regret that the government of the day in the speech from the throne have not brought down some measures for the help of what Disraeli called the suffering millions. Those people—the entire working classes—have little to hope for from the statement of the purely academic Minister of Labour in this house the other evening. If that is the best that twentieth century liberalism which put him in the cabinet can do, we have little to hope for from them. I have studied this matter for some time. Twentieth century liberalism is content to sit back and leave these great economic problems to solve themselves. The young Minister of Labour the other night gave a learned treatise of special pleading which might well have been delivered to a mock parliament or in a debate between McGill, Queens, and Varsity, and his announcement to the unemployed was: We can do nothing. Economic liberalism calls for wider markets, which are not available in a world in which there is only economic nationalism. Where are the jobs to come from? Instead of having a real labour man to find jobs in Canada for Canadians, are we to continue the policy of the government that was in power from 1921 to 1930, when over 750,000 young men had to go to the United States to find jobs, many of them returned soldiers who had fought for this country in France and Flanders, at the hazard of their lives, owing to the free trade policies of the government of the day.

In conclusion I want to read a few words bearing on this subject from an article in the English Review for November. The editor of this magazine is a noted economist in the old land, the famous Douglas Jerrold. The writer says:

> As examples of physical as well as mental strength in old age, we have Von Moltke, who was chief of staff of the Prussian army at eighty-eight; John Wesley, who was constantly travelling and who preached almost daily at the same age; and Gladstone, who began his great Midlothian campaign at eighty, and became prime minister, for the fourth time, at eighty-three. Two great artists and a noted actor close the record of aged yet efficient workers. Michel Angelo at eighty-nine was busily engaged on his immortal frescoes; that other master, Titian, painted his Battle of Lepanto at ninety-eight, and Charles Macklin, the Shakespearean actor, performed at Covent Garden theatre as Macbeth at eighty-four and as Shylock at ninety-nine.
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> The list of the mentally virile in old age is fairly lengthy; too long to quote with any approximation to completeness, but a few instances extending into our own times may be added.... Among soldiers the most notable were Lord Roberts, and Maréchals Joffre and Foch.

Referring to Thomas Edison the article states he died in 1931 at the age of 84. He produced inventions that benefited the whole world when he was well past 60 and worked in his laboratory till his last illness:

> He declared that a man ought to "work with increasing efficiency" between thirty-six and sixty. Robert Dollar, the founder of the Dollar steamship lines, who died recently at the age of eighty-eight, was convinced he had accomplished more in his later years than before he had reached sixty. Of those still with us, and still at work, the most prominent,

perhaps, are President Masaryk, the efficient head of the Czechoslovakian Republic, now eighty-four, Mr. Henry Ford, the poet Rabindranath Tagore (who is still busy conducting his college at Shantiniketan), and that outstanding example of indefatigable physical and mental energy, George Bernard Shaw, who, vigorous at seventy-four, recently circumnavigated the world. His opinion of Sir William Osler's incautious and unreasonable condemnation of all above forty, as partially or wholly incapable, has not, I think, been made public, but it would be worth hearing.

At another point the article reads:

Bacon, it is said, outlined his Novum Organum at the age of fifteen—a statement difficult to believe—but completed it for publication at fifty-nine. Kant wrote his Estimate of Living Force at twenty-three, but published his Critique of Pure Reason when fifty-seven. Handel and Meyerbeer, both precocious composers, wrote, the former his oratorio The Triumph of Time, at seventy-two; and the latter, at the same age, produced his opera, L'Africaine. Verdi, at seventy-one, composed his masterpiece, Othello, and his other brilliant work, Falstaff, in his eightieth year. Isaac Disraeli published his Amenities of Literature at seventy-five, at which age Bismarck was deposed from his chancellorship by the egotistical ex-Kaiser. Victor Hugo, at seventy-five, wrote The History of Crime; at seventy-seven Le Pape; at seventy-eight, L'Ane; at seventy-nine, Les Quartre Vents de l'Esprit; and at eighty, Torquemada. Humboldt began to write at seventy-six his great work Kosmos, and finished it at eighty. Lamarck completed his famous zoological treatise, the Natural History of the Invertebrates at seventy-eight. Goethe completed his Faust when eighty, and Ranke commenced at this advanced age his History of the World, and actually lived to complete it. He died at ninety-one. Tennyson was eighty-three when he wrote Crossing the Bar. Walter Savage Landor wrote his Imaginary Conversations at eighty-five.

What right has the mover of the resolution, an hon. member of the house, to interfere with industry in this way? Why should the house pass a resolution of this kind without first knowing how industries stand? Only last session we had information as to the number of unemployed in the country. We would have to see the cause and effect of the suggested change, and I suggest the cause and effect would not be that which the mover suggests. If we were to develop our natural resources, the products of the sea, the soil, the forests and the mines, there would be work for everybody. A few nights ago I referred to what the Hon. Miss Perkins, Secretary of Labor in Washington, has done for the high school population. In Denmark high schools have been erected which will give adult education and will have the effect of creating work. When speaking on Monday of this week I referred to a former president of the board of education, sitting as a member of the Baldwin government, and indicated he had said that within three years there would be an agricultural economic revolution in the old world, Lord Eustace Percy.

I do not wish to assume responsibility for talking this resolution out, which I can do in three minutes more, because undoubtedly some reply will have to be made by the government. I will state, however, that we should consider seriously cause and effect. Legislation such as is suggested in the resolution would involve greater taxes, and would amount to a restraint of trade and commerce and increase unemployment a hundredfold. I would state further that the government should consider seriously the problem of unemployment, because it is the most important one before us. The very basis of society is at stake, unless we find some up to date solution.

I am in favour of liberal pensions for those who are incapacitated, but I do not favour pensions for people such as I have mentioned, people who are efficient and who are able to work for many years after they have reached the age of sixty. I do not believe there is any demand or agitation from industry that the resolution be accepted. I should like to hear from labour unions and business men before the government would accept the suggestion contained therein.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, I am quite prepared to assume responsibility for talking this resolution out. I rise to support the resolution proposed by the hon. member for North Winnipeg (Mr. Heaps). I trust however that we shall not have an organization such as that existing in the United States, because I would hate to see a Heaps plan with the slogan, "everybody for Heaps and heaps for everybody."

I have been amazed this afternoon to hear the variety of subtle objections raised to the resolution. Naturally I expected there would be an objection to the expenditure of the large sum of money involved, but I was more amazed to hear some of the other objections voiced. For instance I was surprised to hear the last speaker deal with state socialism when, after all, the reform suggested in the resolution has been in effect in Denmark since 1861, at which time there was a beginning of a system of non-contributory pensions. If I remember correctly, listening to the radio speeches of the right hon. leader (Mr. Bennett) of the last speaker I heard him make a proposition very similar to the one contained in the resolution. It was similar at least in some of the details and would have helped the same people.

The hon. member for North Huron (Mr. Deachman) made an even stranger objection. If I remember correctly he left the baby on our doorstep; I hope the hon. member will not make that a habit, because it is a most unbecoming one. The suggestion he made that we were advocating lower wages and a decrease in employment and production is beside the point, in view of the fact that in 1927 the party to which he belongs, headed by the present Prime Minister (Mr. Mackenzie King) suggested this very thing, but with an increased age limit. In the present instance we are asking simply that the age limit be lowered and the amount increased; we are not asking for state socialism or for any legislation which would increase unemployment. It seems to me therefore that the arguments advanced by these hon. gentlemen have been beside the point. The hon. member for Melfort (Mr. McLean), too, advanced some objections.

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

Thursday, February 20, 1936

The house met at three o'clock.

BUREAU FOR TRANSLATIONS

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved for leave to introduce a bill to repeal 24-25 George V (1934), chapter 25, an act respecting the bureau of translations.

Some hon. MEMBERS: Explain.

Mr. POULIOT: The explanatory remarks will be brief and to the point. I leave this child on the doorstep of the government.

Hon. FERNAND RINFRET (Secretary of State): It is not my intention to prevent discussion of this matter, which can be discussed in many other ways, but I must submit to you, Mr. Speaker, that the hon. gentleman is not in order in proposing a bill of this kind. This bill deals with government officials, salaries and the expenditure of money, and it is a well known rule of the house that such a bill can be introduced only by a member of the government after receiving the approval of the governor general. Another point that makes it a bill which it is not in order for a private member to introduce is the fact that its adoption would mean the transfer of authority under which appropriated money is to be spent. The salaries of translators have been voted with the estimates of the Secretary of State's department and have been included as such in the appropriation bill. If this bill should carry it would mean that the estimates would have to be transferred from one department to several other departments. For both these reasons I submit that this is a money bill that cannot properly be introduced by a private member. I may say, however, speaking to the point, that full opportunity will be given the hon. gentleman and the house to discuss this matter in another form.

Mr. POULIOT: Speaking to the point of order, the hon. gentleman who has just taken his seat has said that this is a money bill. What are understood, in the standing orders of this house, by money bills, are bills that contemplate increased expenditure. This bill does not propose one cent more of expenditure; the salaries now paid to the translators will not be changed by this bill. But the control will be different. This is the main point; what we are fighting for is parliamentary control over the officers of this house. It seems most absurd that when, for instance, there are mistakes in the translation of public papers issued by this house, we have to go to a minister of the crown instead of to you, Mr. Speaker, to have the error corrected and the wrong redressed. On the other hand—always speaking to the point of order—I submit that a distinction should be made between a bill involving an increased expenditure of money and a bill that deals with the control of civil servants. In my humble view the Secretary of State (Mr. Rinfret) was wrong when he said that this was a money bill. In fact, there is nothing of that kind contemplated in the bill, everything is left to the governor general in council. Personally I am opposed in principle to that form of legislation, but the bill was drafted in that way in order that that very thing should not be complained of. The greater the control we have over the translators the better we follow the general parliamentary rules in force not only here but in all democratic parliaments in the world. Therefore I submit to you that the hon. gentleman who has just spoken, although I regret to say so, is entirely wrong. This is not a money bill and it should be considered on its merits. What I said was not only for the benefit of my colleagues in this house but also for the benefit of the government, because the government is interested in having a better control over the translation work which is done here. I was not surprised at all to see an hon. gentleman on the other side of the house laughing when the matter was brought up, because he has shown a great ignorance of all parliamentary principles since I have been sitting here.

Mr. BENNETT: Surely that is out of order.

Mr. SPEAKER: I think it is out of order.

Some hon. MEMBERS: Withdraw.

Mr. SPEAKER: Are there any other members who would like to speak to the point of order?

Mr. WOODSWORTH: I do not imagine that I am in favour of the bill, but I should like to support the contention of the hon. member who seeks to introduce it. It seems to me that the house has a right to have the bill placed before it. We as members have no idea as to the terms of the bill. We cannot judge whether it is a money bill or not; in fact I do not know whether the Speaker has been given the bill and whether he is in a position to say that it is or is not a bill involving money. It seems to me that when we come to matters of policy, the principle ought to be generally accepted that the house itself should be the judge as to whether or not a bill should be introduced.

Mr. SPEAKER: Does any other hon. member wish to speak to the point of order? I will reserve my decision until another day.

Motion stands.

CRIMINAL CODE AMENDMENT

Mr. T. L. CHURCH (Broadview) moved for leave to introduce Bill No. 5, to amend the criminal code (fines and penalties).

Some hon. MEMBERS: Explain.

Mr. CHURCH: The object of this bill is to provide that a magistrate or a judge who under the criminal code imposes a fine on a person may give the accused time to pay, or the opportunity to pay by instalments, after inquiring into the ability of the accused to pay. Owing to five years of depression many people on relief and out of work, or on part time, cannot pay their fines and have to go to gaol, many of them first offenders with families, and some returned soldiers, which is another way of imposing imprisonment for debt. The first section of the bill is partly new matter; all the other sections are entirely new. The bill follows the provisions of the law of England, 1935, 25-26 George V, chapter 46, known as money payments (justices procedure act).

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

*WHEAT DELIVERIES

Mr. COLDWELL:

1. Has the equalizing payment for the 1930 wheat deliveries been made?

2. If not, why, and about what date are the arrangements for these payments likely to be completed?

Mr. EULER: With regard to the equalizing payments on wheat, reference to which is made in question No. 1, may I say that since the Prime Minister (Mr. Mackenzie King) made an announcement with regard to the matter perhaps no further reply is necessary. As to the probable date when the payments will be made, it is obviously impossible to give a definite date since the payments cannot be made until after legislation has been passed, but I think I may assure my hon. friend that payments will be made promptly just as soon as the authority is given by parliament. I would therefore suggest that the question be dropped.

Question dropped.

NATURAL PRODUCTS MARKETING ACT

Mr. FERLAND:

1. Which schemes have been approved under the Natural Products Marketing Act, 1934, and the Natural Products Marketing Amendment Act, 1935, and what are (a) their titles; (b) the dates of their publication in the Canada Gazette; (c) the dates of the adopted amendments, if any?

2. How many convictions have been imposed at the instance of the local boards for violations of their orders?

3. What is the total amount of fines collected?

4. Which restrictions of imports and exports of natural products have been adopted by the governor in council, and what dates were they published in the Canada Gazette?

5. Was any investigation made under Part 2 of the said act?

Mr. GARDINER:

1. Schemes approved under Natural Products Marketing Act, 1934, and Natural Products Marketing Amending Act, 1935

	Date Gazetted	Date Amended
British Columbia tree fruit marketing scheme.	August 25, 1934	June 29, 1935 December 9, 1935
(supplementary provincial scheme—July 19, 1935).		
Fruit export marketing scheme..	September 8, 1934	
British Columbia red cedar shingle export scheme..	October 16, 1934	
British Columbia dry salt herring and dry salt salmon marketing scheme..	October 22, 1934	September 28, 1935
Flue-cured tobacco marketing scheme..	October 26, 1934	August 15, 1935
Milk marketing scheme of the lower mainland of British Columbia..	January 1, 1935	
Eastern Canada potato marketing scheme.. ..	January 18, 1935	April 30, 1935 July 16, 1935 December 17, 1935
Western Ontario bean marketing scheme.. ..	January 31, 1935	October 28, 1935
British Columbia (interior) vegetable marketing scheme..	March 4, 1935	
B.C. Coast vegetable marketing scheme.. ..	March 4, 1935	August 27, 1935
Canada jam marketing scheme..	April 10, 1935	
British Columbia halibut marketing scheme..	June 10, 1935	
British Columbia small fruits and rhubarb marketing scheme..	June 10, 1935	
B.C. hothouse tomato and cucumber marketing scheme..	June 10, 1935	
Ontario cheese patrons marketing scheme.. ..	June 25, 1935	
Processed berry marketing scheme..	June 29, 1935	
Dairy products marketing equalization scheme.	July 25, 1935	
British Columbia sheep breeders marketing scheme..	August 12, 1935	
Nova Scotia apple marketing scheme..	August 15, 1935	
Grand Manan smoked herring products scheme.	August 15, 1935	
Burley tobacco marketing scheme..	September 3 1935	
Butter export stabilization scheme..	September 18, 1935	

2. 51.

3. $1,010.

4. Regulation prohibiting the export of hay and straw without a licence, or the export of any hay or straw in excess of the quantity permitted by licence. Published in Canada Gazette (extra) August 24, 1934.

5. Nil.

MARKET GARDENING IN CANADA

Mr. LACOMBE:

1. In what counties of Canada is market gardening most highly developed?

2. What is the approximate value of market gardening products in Canada?

Mr. EULER:

1. In 1930, the counties of Canada which had the greatest value of market gardening products were as follows:

In Ontario: York, Simcoe, Essex, Middlesex, Hastings, Grey, Waterloo, Huron.

In Quebec: Lac St-Jean, Beauce, Témiscouata, Bonaventure, Champlain.

In New Brunswick: Westmorland.

In Prince Edward Island: Queens.

In Manitoba: Census divisions Nos. 2 and 5.

In Saskatchewan: Census divisions Nos. 9 and 15.

In Alberta: Census division No. 10.

In British Columbia: Census divisions Nos. 4, 5 and 6.

In Nova Scotia: Lunenburg.

2. In 1930, the value of market gardening products was $12,695,920.

SPINY LOBSTER TARIFF

Mr. KINLEY:

1. What is the Canadian tariff on South African spiny lobster, so-called, which is known as a crayfish?

2. What quantity and of what value were the importations into Canada of such spiny lobster during 1935?
3. What is the quantity and value of such importations in 1936 to date?

Mr. ILSLEY:

1. Imported direct from the Union of South Africa or from a country enjoying the benefits of the British preferential tariff, into a sea, lake or river port of Canada, 17½ per cent less a discount of ten per cent.

2 and 3. While there is no statistical classification item provided for this particular class of fish, an examination of all entries of imports from British South Africa recorded under the general item "Fish, prepared or preserved, n.o.p.," in which these fish are included shows the following imports of canned crayfish entered for consumption in Canada:

	Pound	Value
Calendar year, 1935.	5,610	$2,038
Jan. 1 to Feb. 20, 1936....	420	184

UNEMPLOYMENT RELIEF—OVERHEAD

Mr. FAIR:

How many cents of each dollar spent on relief in 1935 were used up in overhead?

Mr. ROGERS: If the hon. member who placed this question on the order paper is in the house, I would ask him to change its terms slightly. As it is now worded it asks for information which is not available in the Department of Labour. We do have information dealing with the proportion of cents in each dollar spent on direct relief, and I would suggest to him that the question might be framed in this way: how many cents of each dollar spent by the Dominion government on direct relief in 1935 were used up in overhead.

Mr. FAIR: That will be acceptable to me.

VETERINARY SURGEONS—MANITOBA

Mr. MUTCH:

1. How many qualified veterinary surgeons are employed by the Department of Agriculture in the province of Manitoba?
2. What are their names?
3. When were they severally appointed?
4. How many qualified veterinary surgeons are rated temporary employees, who are they and when were they severally appointed?
5. Is it proposed to bring these temporarily employed veterinary surgeons under the Civil Service Commission?

Mr. GARDINER:

1. Forty-eight full-time employees, three part-time employees.

2. Names	3. Date of appointment	4. Temporary employees
Anderson, H. H., B.V.Sc.	October 19, 1929	
Andries, A. J., V.S.	September 2, 1930	
Bailey, L., V.S.	August 16, 1930	
Bennett, J. E., V.S.	October 13, 1921	
Bishop, F. C., V.S.	December 23, 1909	
Boast, C. R., B.V.Sc.	December 29, 1919	
Bowie, J. S., V.S.	August 15, 1930	
Cain, C. S., B.V.Sc.	November 27, 1911	
Caldwell, H. L., V.S.	July 12, 1926	
Carson, M., V.S.	September 5, 1922	
Christie, N. D., V.S.	May 30, 1910	
Clark, G. M., B.V.Sc.	October 9, 1929	
Colebourn, H, V.S.	August 20, 1926	
Corbett, E. R., V.S.	May 1, 1920	
Davidson, W. B., V.S.	November 19, 1928	
English, D. N., V.S.	February 20, 1935	Temporary
Farrell, G., V.S.	December 15, 1926	
Fasken, J. W., B.V.Sc.	August 18, 1916	
Fisher, J. R., V.S.	October 23, 1935	Temporary
Fox, R. G., V.S.	July 3, 1916	
Frame, A. S., V.S.	August 20, 1930	
Garrett, H., V.S.	June 12, 1920	
Gibson, S. J., V.S.	September 25, 1922	
Hodgins, W. C., V.S.	August 19, 1930	
Houston, J. E., V.S.	July 20, 1926	
Huston, J., V.S.	December 1, 1928	
Kime, W., V.S.	September 3, 1907	
Knowles, W. B. R., V.S.	July 15, 1914	

2. Names	3. Date of appointment	4. Temporary employees
Laberge, J. E., M.V.	February 3, 1920	
Lawrence, S. E., V.S.	October 17, 1922	
Lay, R. H., V.S.	November 11, 1919	
MacDonald, J. G., V.S.	July 8, 1914	
Mack, J. S., V.S.	November 1, 1927	
McConnell, J. C., V.S.	August 18, 1930	
McEwen, H. R.	May 11, 1934	Temporary and part-time
McFarlane, A. M., B.V.Sc.	September 29, 1921	
McLellan, J. A., V.S.	October 15, 1929	
Morrow, J. K.	April 5, 1934	Temporary and part-time
Ormiston, R. R., V.S.	August 25, 1922	
Pomfret, H., V.S.	May 17, 1909	
Purdy, J. W., V.S.	November 15, 1907	
Rankin, G., V.S.	October 22, 1935	Temporary
Saint, F. F., B.V.Sc.	July 8, 1918	
Schnell, F. H., V.S.	December 31, 1935	Temporary
Speirs, W., V.S.	October 11, 1928	
Sprague, T. G., B.V.Sc.	August 15, 1921	
Stobart, A., B.V.Sc.	April 3, 1922	
Tingley, H. J.	June 1, 1934	Temporary and part-time
Trudeau, J. L., M.V.	July 20, 1912	
Welch, J., V.S.	February 1, 1928	
Waddy, R., V.S.	February 27, 1922	

5. These veterinary surgeons are under the Civil Service Commission at the present time.

QUESTIONS PASSED AS ORDERS FOR RETURNS

G. C. ANDERSON

Mr. BOULANGER:

1. Was the Civil Service Commission requested to hold a competition in connection with the replacement of Mr. G. C. Anderson as superintendent of mail contracts?
2. If so, when will such competition be held, to whom is it open and what is the time limit for the filing of application forms?

PUBLIC WORKS CONSTRUCTION ACT, 1935

Mr. STEWART:

1. What public works, consisting of buildings, harbour and river works, provided for in the main and supplementary estimates for the fiscal year ending March 31, 1936, or by the supplementary Public Works Construction Act, 1935, have not been undertaken or been abandoned?
2. What is the reason in each case for the failure to commence said works, or for the discontinuance of same?

PUBLIC BUILDINGS—PURCHASES OF COAL

Mr. STEWART:

1. How many tons of coal produced in Canada were purchased by the Department of Public Works for use in public buildings in Canada during each of the years 1930, 1931, 1932, 1933, 1934 and 1935?
2. How many tons of coal produced in the United States were purchased for use in the public buildings of Canada in each of the said years?
3. How many tons of coal produced in Great Britain were purchased for the same purpose during each of the said years?
4. How much fuel oil was purchased for use in public buildings in Canada in each of the years above mentioned?
5. How much coal under the above classifications was purchased by each of the other departments of the public service in each of the said years?

PENSION REGULATIONS

On the orders of the day.

Mr. C. G. MacNEIL (Vancouver North): I desire to ask a question of the Minister of Pensions and National Health (Mr. Power) with reference to order in council, P.C. 91, which was tabled by him last Friday. Is it the intention of the minister to bring this order in council under review by the house or a select committee of the house before it becomes operative, inasmuch as it appears that benefits previously awarded to former members of the forces are seriously restricted?

Hon. C. G. POWER (Minister of Pensions and National Health): The hon. gentleman was kind enough to give me notice of the question. As to whether it is the intention to submit the order in council to a committee of the house, it is rather difficult for me to reply at the moment because no committee has been set up, but I may say that it is the intention of the government to set up a committee on pensions and soldier problems. As to whether the order in council itself would be inoperative until such time as the committee has time to propose legislation, I regret

to say that I do not believe it has been either the custom or the usage of any government to submit administrative orders in council to committees or to the house. But if it is shown either in the house or in the committee that injustice has been done to any returned soldiers or to any class of returned soldier, there will be no difficulty whatsoever in amending the order in council to bring it in line with the requirements of the persons who are under the care of this department.

RETIRING ALLOWANCES

PROPOSED ALLOWANCES AT AGE SIXTY AND OVER

The house resumed from Wednesday, February 19, consideration of the motion of Mr. Heaps:

Whereas there exists in Canada an acute unemployment situation:

And whereas, it is desirable that as many as possible be absorbed into the useful industrial life of the dominion;

Therefore be it resolved, that, in the opinion of this house, the government be requested to immediately introduce legislation granting adequate retiring allowances to all citizens over sixty years of age, thereby giving an opportunity to large numbers now unemployed to be reabsorbed into useful productive activity.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, I have no wish unnecessarily to prolong the debate on this resolution, first, because I would like to hear the views of the Minister of Finance (Mr. Dunning) on this resolution—I believe that is what we are waiting for; second, because the next resolution on the order paper is one that I consider to be of great importance. When the house adjourned last night I was pointing out that some of the objections that have been raised against this proposal are absolutely unsound. I pointed out that the argument of the hon. member for Broadview (Mr. Church), in endeavouring to wave aside this entire resolution by labelling it state socialism, was beside the point. His own leader last year in a radio broadcast made a proposition which in principle was somewhat similar. When I made that statement I noticed the right hon. leader of the opposition (Mr. Bennett) shaking his head. I have a great deal of admiration and respect for the right hon. gentleman; and so when he shakes his head I stop and ponder. Consequently I looked up the second of his radio broadcasts, and on page 16 I found these words:

There is another time in the worker's life which must not be forgotten; that time is when, because of old age, he is no longer able to work. As a citizen, he should have security.

[Mr. Power.]

It should be a normal and essential function of the state to see that its people, who have contributed to the productivity of the state, who have given their best to the support of the industrial machine, who have spent their vigorous manhood in labour, are not in want when their working days are over.

In the next sentence the prime minister of that time points out wherein he differs from the resolution. He says:

This system of insurance should be on the same social and economic principle as that of unemployment insurance, involving the recognition of thrift on the part of those who will provide for their old age. The present Old Age Pensions Act is unscientific and obsolete and must give way to something which will serve you better.

I do not read that because I wish to tie the right hon. leader of the opposition (Mr. Bennett) up to this resolution but because I want to point out to the hon. member for Broadview that while in detail it is not the same, in principle it is the same; that it is simply beside the point to try to wave away this important matter by labelling the whole thing state socialism.

Then the hon. member for Melfort (Mr. McLean) tried to wave this proposal aside by attacking the underlying philosophy of the motion and saying that this was an age of scarcity rather than an age of abundance. I had understood, sir, that there were antediluvians who still believed in an age of scarcity, but I hardly expected to find them in the House of Commons. I am not prepared to go into a lengthy discussion of this matter because it is irrelevant, but in this day and age it is hardly necessary to point out to any group of individuals the fact that in every line of industry the power to produce has progressed tremendously even in the last ten years. The hon. member for Melfort based his assumption on a statement made by a well known Swedish economist, to the effect that in 1928 production and consumption were running very close together. But it should be remembered that he referred to effective consumption, and we know that effective consumption was possible only because of instalment buying and the mortgaging of the future; that even in 1928 it was very difficult to distribute sufficient purchasing power to consume the large quantities produced. But here is the remarkable fact, that even since 1928 we have gone a long way. In a recent radio speech the President of the United States pointed out that if we could return industry to its peak of 1928 there would still be in the United States six million men who would find no employment because their places had been taken by machines. In

other words we have progressed so far that in 1936 we are able to produce as much as we produced in 1928 without the services of six million men who were employed at that time.

Mr. McLEAN (Melfort): In Canada?

Mr. DOUGLAS: In the United States, but the same principle applies here. In all the world to-day there are more than thirty million men who are unemployed, yet we are able to feed the people of the world and keep them up to some standard of living, which is adequate proof of the fact that we are producing far more than we produced a generation ago.

The hon. member for Melfort also attacks this resolution on the ground that the whole difficulty in Canada to-day is the fact that providence has not wept. After listening to a statement like that I think providence ought to weep. May I point out that providence wept in Ontario, providence wept in the British Isles and in France, Germany, Italy and Japan. Providence wept in other places, but in spite of that fact they had an economic crisis. If the entire problem that we are facing is due to the fact that we have had no crops and that this is an age of scarcity, then, Mr. Speaker, in Canada to-day we should have a shortage of wheat. Instead of that, however, the government is wrestling with a surplus of over 200,000,000 bushels, and if the crops had been normal for the last five years the surplus would be nearer 800,000,000 bushels. Therefore I think the attack upon the underlying philosophy is simply an attempt to throw up a smoke screen in connection with this matter.

I do think, however, that the argument advanced by the hon. member for North Huron (Mr. Deachman) is one about which we ought to think. It brings up the problem of finding money, and that is something that will interest the Minister of Finance (Mr. Dunning), as it ought to interest every member of this house. It is a remarkable thing that whenever one brings up legislation involving the welfare and happiness of the people of Canada, someone wants to know where the money is coming from, yet in this country we find money for a great many other things. In the Dominion of Canada we have a governmental service and governmental machinery that is preponderantly heavy. One prominent United States social scientist said to me in Chicago university some time ago, "In Canada you have enough government machinery to run Canada and the United States put together." In addition we have innumerable commissions, a great many of which—or so it would seem to the public at least—are designed to provide jobs for people who are supposed to deserve their reward. It is costing the people of Canada millions of dollars every year to provide comfortable pasturage for worn out political war horses who have entered upon their reward. We also have a judicial system that has become heavy and complex, that overlaps and is expensive, yet no one asks where the money is to come from for that. In Canada we pay millions upon millions of dollars in interest on bonds. Much of that money was invested when money was cheap, but the interest is being collected to-day when money is dear, when the purchasing power of that money is much greater. Yet we keep on paying those interest charges and no one asks where the money is to come from. The other day we voted an estimate of almost $2,000,000 to look after the health of the cattle of Canada. No one asked where the money was coming from, but when we come to talk about looking after the old people someone wants to know where we are to get the money.

I want to suggest that in my estimation there are three ways by which money could be secured for this purpose. On looking over the past records I find that in 1931 some 63,000 people were receiving old age pensions, costing the country about $14,000,000. In 1935 that number had increased to 82,000 persons, which cost the country some $16,000,000. I submit, Mr. Speaker, that this is a paltry sum compared to the service that is rendered, and compared to the huge sums of money that we spend elsewhere for services that are far less valuable to the people of Canada. I submit that we might find money first of all by curtailing certain expenditures, certain appointments and certain commissions; by reshaping our whole governmental policy in order to cut down duplication; by refunding or reconverting some of our loans at lower interest rates, and collecting income tax on government bonds. I believe in these ways sufficient money could be raised to meet the cost of this undertaking. It might even be possible that the Minister of Finance would be prepared to go so far as to institute, through the Bank of Canada, a national credit fund by which we would be prepared to issue credit against the security of the Dominion of Canada. If it is possible for the government to issue credit against government bonds deposited by financial institutions it should be possible for the government of Canada to issue its own credit against the security of the people of Canada. Of course the cry im-

mediately is "inflation," yet I need hardly remind hon. members that the most orthodox economists admit that the quantity theory of money shows that inflation takes place only when money is issued in excess of goods produced. For the last five years we have had deflation, very rapid deflation, the withdrawal of currency and credit coincident with increase of goods produced, the result being that the relationship between money and goods is out of balance. It would be possible to-day to set up a very large national credit account without in any way upsetting the proper relationship between currency, credit and goods produced.

I ask, therefore, that the house give to this resolution its most urgent attention. We support it not because we wish to place the government on the spot, not because we wish to stick on this detail or that, but because we know that all across Canada to-day there are thousands of men who have been replaced by younger men, salesmen, for instance, who five years ago were receiving fair incomes but whose places have been taken by young university graduates. Two months ago I stood in a foundry in Winnipeg among men who work beside a great electric furnace with a temperature of 2,500 degrees Fahrenheit, men who have served their day and generation, and who at sixty years of age are prematurely worn out. We heard of one man who after thirty-four years of service was told he was no longer required. His work had never been steady; it had been seasonal; every winter some men were laid off for at least part of the time. They had never been able to lay aside any large amount of money, and in the case of this man the result was that it meant resorting to public charity for himself and his wife. I ask hon. members most earnestly to give this resolution sober and thoughtful consideration, keeping in mind the men and women to whom Canada owes a debt. Let us do our best to see their need and meet their problem.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, first let me extend to you my humble congratulations on your elevation to your present position. The first time I had the opportunity of observing the deliberations of the House of Commons it was under the speakership of the Hon. Mr. Lemieux, and at that time I was filled with admiration at the wonderful way in which he presided over the house. Since the opening of this parliament I have watched the manner in which you, sir, have presided over our deliberations, and in my opinion you have attained fully to the ideal and worthily followed the traditions honoured in this house by the Hon. Mr. Lemieux.

I do not need to tell hon. members, especially those who have sat in this house before and have gone through the experience of rising in this chamber for the first time, how nervous I feel and with what diffidence, Mr. Speaker, I address the house through you. As I look back over Canadian history and consider the great men who have sat in this House of Commons since 1867; as I have read from time to time the speeches of those who led both the great historic parties from confederation to recent times, and as I consider those who to-day are leading all parties in this house, their patriotism, their devotion to public affairs, I am satisfied that never before have we had men more capable and more devoted to the best interests of the people. So it is with diffidence and humility and deference that I rise to advance any ideas before this house. Each of us, however, has an obligation to express his opinions and to voice the wishes of the constituents by whom he was sent here.

As I consider this motion I am satisfied I should not be doing my duty to my constituents did I not express in this house my unqualified support of the resolution—with this exception, that it calls for immediate legislative action. I quite realize, sir, that the question where the money is to come from cannot be left out of consideration. The government must have time to adopt policies which will enable them to provide the money before we can expect them to bring in such legislation. That is only responsible government. I will deal with that in a moment, but here I should like to say that as far as old age pensions are concerned, if there is anything that the Prime Minister (Mr. Mackenzie King) has done that above all else has earned the grateful thanks of large numbers of people it is the legislation that he introduced providing for old age pensions. Furthermore, the country has not overlooked those who supported that legislation, no matter in what part of the house they sat. Many old people have had the evening of their lives made happier by their action, and above all by the leadership in that regard of the Prime Minister. When the time comes that the Prime Minister finishes his work, one of the outstanding things for which he will be remembered in history will be the fact that he took one of the first steps to make things a little more economically secure for people who were unable to look after themselves.

Something was said in the course of this debate of which I desire to express my disapproval. It was suggested that one reason the party of the leader of the opposition (Mr. Bennett) was not successful in the last election was that he expressed the idea that something of this sort should be done in Canada, that the people of Canada expressed their dissent from that view by not returning him to power. I suggest that the Conservative party was defeated not because he expressed that idea, but for other reasons, and in spite of his having taken that stand. I believe that the majority of the people of Canada expect this parliament to take steps to restore economic security to people who are unable to look after themselves owing to economic conditions over which they have no control.

As I see it, this resolution has to do with three types of people. First there are the old people between sixty and seventy who by reason of being physically unfit cannot get a job to enable them to look after themselves. I submit it is our duty to look after those who are unable to take care of themselves. If there is one thing that Christian society has recognized as its paramount duty ever since there has been Christian society it is that of looking after those who cannot look after themselves. I submit that the time is coming nearer and nearer when we shall refuse to leave those people to be looked after by charity, and shall recognize that we must use the resources of the state to care for them. That applies to returned soldiers who are now unable to earn a living. It certainly applies to those who are afflicted with blindness and cannot provide for themselves. As far as I am concerned I shall not be satisfied if before its life is over this parliament shall not have taken some real steps that will cause it to go down in history as having done more to this end than any parliament that has preceded it.

There is another category of people to whom the resolution would apply, namely those doing casual work, people who are eking out some kind of existence by competing in a precarious sort of way in the labour market, people who are preventing younger men and women from obtaining work. Although we do not know just what proportion of the total they constitute, we do know that many of them would gladly accept $20 a month rather than have to go on living partly through the charity of friends and partly through smashing down wages to a level at which a young man cannot possibly work and earn a living for himself and family. When we extend to those people the benefits of a measure such as the one before us, we are achieving two objects: first, we are looking after people who have served the state faithfully and well for a period of possibly forty years; and second, we are furnishing a large measure of employment.

As in a humble sort of way I have studied public affairs for many years and have read about people who have been fortunate enough to obtain government positions, people who, having served the government for a certain number of years, eventually have arrived at the age of superannuation, and as I read about ordinary government employees being superannuated at $3,000 a year, my mind goes back to the pioneers who settled the country. I think of the people, for example, who went out to western Canada, men who, taking their wives with them, settled miles and miles away from medical assistance. They took the very lives of their children in their hands when they went to those areas. They worked and slaved for years and years. They did the work of the nation, because they were growing the food of the nation. When I consider that we say to those people that we cannot give them even $20 a month but that we can give $200 or $300 a month to people who have been more fortunate because they have secured government jobs, and did not have to face those vicissitudes, I am convinced that it is not fair. In doing that I submit we are giving less than justice to the people who settled the country, and endured great dangers and privations in doing so. We must do something more than simply dismiss their claim; we cannot be content with saying that we have not the money.

There is another category of people who would be affected, namely those between the years of sixty and seventy who are well able to make a living for themselves, who have no desire for this legislation, and whom, I understand, the legislation as explained by the proposer would not affect. With considerable hesitation I suggest that there is growing up in Canada among our young people a feeling that the older people are prepared to hang on to their jobs, even when they have reached eighty years, thereby keeping their grandchildren on the bread line, and in a position where they cannot get married and establish homes for themselves. In other words they are beginning to feel that their fathers and grandfathers are not treating them as if they were of their own flesh and blood. As the average longevity is increasing, due to the advance of medical science, we must give consideration to this problem. If a man who has reached the age of seventy-five years and has made a real contribution to the society of his day and age continues to hold his position for another ten years, he is thereby

depriving some other man of the dearest thing in the world, namely the chance to make his contribution to his day and age. As the resolution does not suggest any solution for this condition I say we should do something about it. One could not reach any conclusion in the matter without first giving it a great deal of serious thought and consideration. It is a fact however that the circumstance I have indicated is in the minds of our young people.

One now comes to a consideration of the cost of a pension scheme. According to the Canada Year Book there are 525,731 males and females in Canada between the ages of sixty and seventy. Assuming half those people were paid $20 a month, the cost in round figures would amount to $63,000,000. Suppose half the applicants for pension were able to compete on the labour market—and that is putting it at a very high figure—and that that half were given a pension, thereby leaving only a half of the total number to deprive others of work, we would provide jobs for 131,000 young people.

As the relief camp at Dundurn is in the constituency of Rosthern, which I have the honour to represent in this house, I am keenly interested in the young men in the relief camps. I realize that I represent those boys at Dundurn camp; I have visited them, and believe I know something of the attitude of the young people in Canada. I know what they expect; I believe they expect some real, wholesale measure of relief, and they will not be satisfied with any nibbling. They want jobs—lots of jobs. As I have indicated, the measure before us could be made to provide jobs for 131,000 young people. That would be worth while, and the people of Canada would be in a position to say, "Well, at least this parliament is doing something to justify its existence; they are not talking, and doing nothing else."

I do not intend to discuss the cost at great length, but I shall lay only a few facts before hon. members for their careful consideration. Although the facts I am about to detail are not new, I feel it my duty to state them. I do so without a chip on my shoulder; I do it in all humility and for the sake of the future of Canada.

First, I hear the statement on every hand that our public debt is due to the war. That is a popular suggestion. My figures, which I suggest are reliable and worthy of consideration, are taken from the report of the royal commission on banking and currency which sat in 1933 and reported to this chamber. According to the report I find that in 1914 the total debt in Canada, dominion, provincial, municipal and public corporate debt—that is, the debt of us as a people, not including our private debts—was $2,232,000,000. In 1919 it had risen to $3,749,000,000, an increase of approximately $1,500,000,000. I was surprised, however, when I read that in 1929 the debt had risen to $7,445,000,000. In other words during a period of real prosperity in the ten years between 1919 and 1929 it had increased to twice as much as it had been immediately following the war. What have those people to say who urge that our debt is due to the war. I find that by 1932 the debt had risen to $8,652,000,000. What does that mean? It simply means that from 1919 to 1932 the public debt of this country increased by more than one million dollars a day. And that was happening all over the world. We are told that that debt increased because people were saving up money and lending it out. I would like to know where the wealthy people are in Canada who have been saving a million dollars a day to lend to the government outside of what they lend to private corporations. I shall show, Mr. Speaker, that when the banks lend money they do not lend solely the savings of the people. It is true they lend the savings of the people, but they lend also credit which they themselves create.

Mr. MacNICOL: Surely the hon. member must be wrong, because hon. members in the southeast corner are applauding him.

Mr. TUCKER: I did not hear what the hon. member said. I hold in my hand, Mr. Speaker, the report of the committee on finance and industry, what is generally known as the Macmillan report, which was made to the British government. I do not know whether hon. members will regard this as an authority or not, but it is signed by people whose opinion I think should carry some weight with anybody who is interested in these questions. Let me read the names of one or two of the gentlemen who signed this report: Lord Macmillan, one of the outstanding jurists of the British empire; T. E. Gregory, one of the outstanding economists in the British empire; J. M. Keynes, the man who foretold that the peace treaty in its financial provisions could never be made to work; Reginald McKenna, once chancellor of the British Exchequer, and now head of one of the largest banks in England; and other leading economists. I do not intend to quote at length from this report, but I wish to refer to one paragraph from page 34, and I would ask any hon. member of this house if

he would not be inclined to pay some attention to the opinions of these people no matter what may be his present ideas and predilections. If we have been going into debt at the rate of a million dollars a day surely we must consider how we are going to pay off that debt in the future. If during the days of our greatest prosperity we went into debt at that alarming rate, how are we going to pay off the debt from now on. That is something we should all consider. I quote from page 34 of the Macmillan report:

> 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. 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.

I would ask hon. gentlemen to note those words. The report says that the bulk of the deposits arise out of the action of the banks themselves, and that is the opinion of the greatest body of experts, I submit, that has ever been set up to study this question. There is no use laughing at it or sneering at it; there are their findings. The report goes on to explain how the thing works. It says:

> 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.

I have heard, as every hon. member has heard, a great deal about the tremendous stability of the banks of this country. Well, if you or I could borrow $1,000 at 2½ per cent and then proceed to extend credit to the amount of a further $9,000 at five or six or seven per cent, we would be stable too, and a lot of us would not bother working and struggling the way we do.

I should like to quote from the Macmillan report on banking and currency in Canada as to the banks lending several times the amount of their cash deposits. Here is what I find on page 44:

> In so far as the loans and investments made by the original bank return to it as deposits—

They practically all do within a very short time.

> —it will be in a position to make further loans or investments. Through this process of lending, investing, and depositing, the increased cash reserve is distributed among the banks and the volume of loans and investments and deposits is increased by an amount several times greater than the amount of the original increase in cash reserve.

There is the finding of the Canadian Macmillan report, that the banks purchase securities and make loans to the extent of several times the original increase in their cash reserves. I would just like to remind hon. members how that works out under the Finance Act, and how it can work out to-day under the Bank of Canada Act.

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.

Mr. DUNNING: No, it just isn't so.

Mr. TUCKER: I have the greatest respect for the Minister of Finance, but I have read this report with what intelligence has been given me, and I have given the house what I have found in this report. If the Minister of Finance or anybody else can prove that it is not so, I shall be right there listening with both my ears wide open to hear the explanation. The fact is that, according to this report, the banks borrowed from the Minister of Finance $48,000,000, and they can lend out nine times the increase in their cash reserves. Is there anything wrong with that? If they lend out nine times any increase in their cash reserves—and remember when they got that $48,000,000 from the Minister of Finance they put it in their cash reserves—then I fail to see how it can be otherwise than as I have stated; for the banks can lend several times the amount of their cash reserves, or they can buy bonds with the money. If I am wrong I hope the Minister of Finance, who is a good friend of mine, will enlighten me, but in the meantime I adhere to my view that that is exactly what happens.

Mr. DUNNING: I cannot understand why there are so few banks in Canada if the making of money is so easy as that. Perhaps my hon. friend will give a little attention to that phase of it.

Mr. TUCKER: I have, and I find that the banks in the past made ridiculous loans to people who never could repay them. In that way the banks have thrown away millions of dollars; they have put up buildings such as no other industry has been able to build; they have made twenty per cent on the amount of their original invested capital every year of this depression, when everyone else has gone in the hole, and after concealing every profit they possibly could. That is my answer to the Minister of Finance.

Mr. DUNNING: Will the hon. gentleman allow me to submit to him that that is not an answer? The question I ask is, why in the world are there not more banks if it is so very profitable a business, as my hon. friend suggests.

Mr. TUCKER: My answer is this. I am not sure, but I believe it takes $500,000 to start a chartered bank, and there are not many people who can get together $500,000. I know it could not be done in western Canada, if they got together all the farmers in the west. I hope the day will come when the great co-operative enterprises of western Canada will have their own bank and share to some extent in these profits. I trust, Mr. Speaker, that you and the house will pardon me if I speak with rather more heat than I should. I am a new member, and I must ask you to overlook my over-anxiety, if I may put it that way, to place my views before the house. I do so in all humility, in spite of appearances to the contrary, and I am ready to hear any correction which I think is due.

Now if it is all right for the Bank of Montreal to take government bonds, if it is all right for the banks to take $48,000,000 worth of government bonds and obtain new money against those bonds, then it should be all right for the Bank of Canada to advance whatever money this country needs against dominion, municipal and provincial government bonds. To-day, as I understand the Bank of Canada Act, the Bank of Canada will give credit in its books, dollar for dollar, against dominion government bonds. What should be done when the time comes that this country needs more credit and there has not been enough credit saved up to finance the government, as happened during the war? The credit of the country was extended and extended. Suppose we need to borrow some money; what happens? Suppose there is not enough saved up—and there will not be enough saved up to finance us if we continue the way we are going. We shall have to go through this process. The banks will want to buy some dominion government bonds. They will take some of their present bonds to the Bank of Canada and get credit against those bonds, dollar for dollar; and on the strength of that credit they will be able to turn round and buy nine times as many bonds as they deposited in the first place. What has happened? We have used our credit and in effect we are paying interest on it at the rate of probably 30 per cent.

Is it any wonder that we have no money to take care of old people? Is it any wonder we have no money to look after the unemployed? Hon. members of this house will have to consider this question: Are they going to sacrifice the future development of this country, are they going to sacrifice the unemployed, the old and the sick, are they going to neglect to do the things which a civilized country ought to do, in order to be able to pay interest on a basis such as that? That is the question that must be settled. If the present financial system is cramping us, if it has this country in a strait jacket, which is more important—the financial system or the people? I submit to you, Mr. Speaker, that it is up to this parliament to remove that financial strait jacket; it is the duty of this parliament to explore new avenues. I know that there are some people—the Minister of Finance is in that class—who takes the attitude that the suggestion I make is not feasible. Well, I say to him, let us have a trial of it. The present system is not working so satisfactorily that everyone should be ready to die fighting for it, and if some other method is advanced by great thinkers, why can we not at least have a trial of it? And if it works, let us extend it; if it does not work we can abandon it.

In that connection I would remind the house of what was done by the government led by the leader of the opposition; we have not forgotten it. The leader of the opposition will probably find fault with the way in which I am putting it, but in essence this is what was done. They took to the banks $35,000,000 worth of treasury bills of this country, $35,000,000 of obligations of this country, bearing interest at, I believe, 4 per cent. They said to the banks, "We want you to advance us $35,000,000 worth of credit against these obligations of ours, and you shall take these obligations to the Minister of Finance and he will issue against them $35,000,000 worth of new money on which he will charge you 3 per cent." In other words, we borrowed in that way $35,000,000 worth of credit which cost us only one per cent, and I submit that it should not have cost us a cent if we had set up our own central bank and financed that business for ourselves.

Let me say this to my confreres, the members of the Liberal party—because I am a Liberal—I believe that liberalism has the future of this country in its hands, and if liberalism does not meet this problem, if it does not solve it, the people in their desperation may do we know not what. I venture to stand in my place to-day and make these suggestions as a Liberal, because our great leader has taken the attitude that people of all shades of opinion will be welcome within the ranks of the Liberal party; and if we can persuade the majority of the people in that party that our views are right, then they will adopt those views. I suggest—and I think I am right in this—that I have a better chance of persuading my friends of the Liberal party that these views are right than my friends down there to the left have. They may be better speakers than I am, they may be more able in their presentation of a case, but I know that in the hearts of my fellow members of the Liberal party, from the Minister of Finance down, there is after all a wish that we should be able to get together on this question and in some way meet the views of those for whom I, one of the humblest members of the Liberal party, venture to speak. I am sure there is more of a wish to do this than if I were fighting outside that party. That is why I stand here to-day, without apology, advancing these views as a member of the great Liberal party of this country.

As regards the expansion of credit, some people seem to think that if you work through the banks it is not inflation, but that if the country did it through its own banking institution it would be. I could read excerpts from both these reports which indicate this, that when the banks create credit and lend it against government bonds or deposits available to be checked out, they are creating the equivalent of currency just as much as if they had printed it, because more than ninety per cent of the business of this country to-day is done by cheques on deposit accounts. In other words we turn over to the banks ninety per cent of the control over the purchasing power of this country. They have the right to say how much money the people shall have to purchase with. If the banks do it, it is just as much inflation as though the government turned on the printing presses—just as much and no more. In that connection I would like to read from the Financial World of New York one or two paragraphs, which I found in the Magazine Digest, and which illustrate better than any words of mine what I would like to say:

> In a democratic capitalistic country like the United States some 90 per cent of the total business is done through the medium of net demand deposits in banks. Actual currency is used to but a moderate degree. Therefore, if there is to be a great recovery movement, there is required as a base (1) a large volume of net demand deposits and (2) the will to use them.
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> In times past great changes in the volume of net demand deposits have been due to expansion and contraction of bank credit. In other words, during periods of rising optimum banks have been prone to expand loans and with each loan expansion create a deposit. In this instance, however, we are witnessing the greatest and fastest expansion in net demand deposits in the history of this country with practically no contribution from the banks.

I would like hon. members to note this:

> The 1919 boom was financed with a peak of less than 14 billion dollars of net demand deposits. These dropped to around 10 billion dollars in the spring of 1933. On October 30, 1935, they totalled $16,657,000,000.

That is a rise from the peak of over two billion dollars.

Mr. SPEAKER: Order. I am very sorry to interrupt the hon. member, but he has exhausted his time.

Miss AGNES C. MACPHAIL (Grey-Bruce): I wish to congratulate the new member from Rosthern (Mr. Tucker) who has just taken his seat. I am not sure that he knows how courageous he has been, but I venture to say that if he keeps it up, he will. I am beginning to think that if a majority of the Liberals sitting in the northeast corner share his views, the thorn in the flesh which the southeast corner has been to the government will be nothing compared with the thorn in the flesh that the northeast corner is going to be. It is very encouraging to hear a member within the Liberal party who takes at their face value the words of the Prime Minister (Mr. Mackenzie King) that all kinds of people are welcome in the Liberal party and that that party is to be the fold for all shades of liberalism. If that is so, and there are many hon. members like the hon. gentleman who has just spoken, this government may be just what we have been looking for. I am waiting to be convinced.

An hon. MEMBER: Why spoil it?

Miss MACPHAIL: I am afraid hon. members might take me seriously. The hon. member for Rosthern gave the Prime Minister today all the praise for the present old age pension bill. I was in the house in 1926 when an old age pension bill was passed, and if I understand that situation aright, the present and then member for Winnipeg North Centre (Mr. Woodsworth) really was the man who got old age pensions. At that time the government needed votes, and they paid a high price.

I wish to say only a few things about the resolution proposed by the hon. member for North Winnipeg (Mr. Heaps). First, I think that everyone in this house realizes that it is very difficult in these days to save enough to provide for adequate care in old age. There are two or three reasons for this difficulty. Wages are low, as are prices to the primary producers, and the savings which people have made are bringing in little at present rates of interest. It is almost impossible for people to put aside enough out of wages or out of the sale of primary products to provide for their old age. Undoubtedly every member of this house knows from his own correspondence that the most difficult time for people of small means is the period between sixty-five and seventy years. In this highly competitive age, this age of machinery, it is almost impossible—one might eliminate the word almost—for a man or a woman out of employment at sixty-five to find work again or even to retain a place in the workaday world; he is almost sure to be retired before that time. So that while we may not do anything about pensions at sixty for the moment, we are going to have to do it before very long. As one sits for some time in this place one gets to know that changes come gradually, and it is not likely that we shall secure a pension law for people of sixty until we have got one for those at sixty-five. It will be a gradual process, but undoubtedly as time goes on the age limit for pensions will be lowered.

As I listened to the excellent speech of the previous speaker I thought of this thing we call inflation. It always seems so odd to me that if a government does anything to put more currency into circulation it is inflation, but if the banks do anything about getting more money into circulation, that is prosperity; anyway it is never inflation.

I want to emphasize the great need of doing something for two groups of people; one the blind, and the other those who are incurable invalids. There are not many countries that have done nothing about invalids; yet I know, and I am sure every member of this house knows, of many people who have been bedridden for many years, who have no sort of income, and no provision is made for them. So that while the matter is not, strictly speaking, included under this resolution, the house ought to set itself seriously to the task of providing for that group. I should like to see provision made at this session, certainly in this parliament, for pensions for the blind and for those who are invalids. We almost got old age pensions for the blind reduced last year to the age of forty. A Conservative member, Doctor Cotnam, introduced a resolution asking that that should be done. The number of blind in Canada, as registered in the Canadian National Institute for the Blind, is 6,543. I have never felt very comfortable about the fact that we as a country have not been able to do anything towards taking care of our blind fellow citizens. I think that we as a parliament and as a country ought to be ashamed to say that we cannot afford to take care of the blind when they need care. The same might well be said of those persons who are invalids, incurably ill and unable ever again to earn for themselves. Surely both the blind and those who are ill and suffering pain are bearing enough without being required to worry and fret for lack of the little consolation and comfort that they would have if their bread and butter and their shelter were secure for them. One can get very easily—I hold one in my hand—a list of what has been done for the blind in other countries. I am not going to take many of the countries—

Mr. DUNNING: May I be permitted to interrupt? There is a resolution on the order paper dealing specifically with the blind. I know my hon. friend will not take long, but I am quite sure if she proceeds to deal with this question someone else will think he has the same right.

Miss MACPHAIL: Quite so; it does not really come under this resolution, so I will leave it at that point.

Everyone is worrying as to where the money is to come from with which to extend the idea of pensions. I do not believe pensions will be given at the age of sixty at the present time, but people worry where the money is to come from in connection with any extension of pensions. I have always had a couple of ideas as to where money could be obtained, not a great deal but still certain sums. In the estimates at page 24 you will find two items I should like to see struck out. One is an amount of $368,400 for the Royal Military College and the other is $150,000 for cadet services. You might be able to get something out of the non-permanent active militia also. Then there are a great many other things which could be done away with or reduced. There, however, are two concrete suggestions as to where money could be obtained, and that would be sufficient to extend pensions to those who are invalids, at any rate, whether or not we went any further than that.

Mr. H. E. WILTON (West Hamilton): Mr. Speaker, I am sure it is a safe assumption that every member of this house is heartily in sympathy with any movement or any

legislation which might help the man or woman who is in need. I think that is a foregone conclusion. I also think, however, that it is a good thing for Canada that we who are so frequently referred to as that small minority are sitting between the Amoses and the Andys. After listening to the addresses yesterday and to-day in connection with this resolution I am reminded of those radio broadcasts in which Amos and Andy talk about seven million dollars, ten million dollars, forty billion dollars and so on. One would almost think we could just reach up in the air and grab off money.

An hon. MEMBER: Where does it come from?

Mr. WILTON: It is hard to say. I sympathize sincerely with the Minister of Finance (Mr. Dunning), who must realize that he is in the presence of a great deal of superior ability in the matter of financing the country. As I said a moment ago we are all in sympathy with anything that will help the men and women who are in need; that is a natural thing, but after all the question of financing these propositions is important, though some of the speakers have referred to the financial end of it as a mere trifling thing. It has been suggested that we float further loans or that we do something to increase our credit. Credits have been widely responsible for much of the financial problems existing in this country to-day. Speaking from the point of view of the municipalities I believe it would have been better for many of them if they had not been allowed the extension of credits they have enjoyed during the last few years, when many of them spent money like drunken sailors.

There is another angle to this matter, aside from the question of helping those between sixty and seventy years of age. In connection with all social legislation a certain percentage of the cost goes back to the municipalities, the urban centres and the counties. Everyone knows as well as I know that at the present time every municipality throughout Canada is taxed to the very limit. If that taxation is further added to it means a greater burden on the man who is trying to pay for his house so that he may have a place to call home. It is all very well to talk about doing these things and to put to one side the real argument as to where we are going to get the money. The only answer we have had to that question is, float more loans, sell more bonds and debentures, raise the tax rates in the municipalities so that home owners will not be able to pay their taxes and will be forced out. This thing, while good on its face, in my opinion will have a boomerang effect that will do more harm to home property owners than the good it will do those between sixty and seventy years of age.

I want to repeat, and I do not want to be misunderstood, that I am always heartily in favour of anything that can be done to help the men and women who need help, but I do not believe in doing that in such a way that it will react to the detriment of a larger number of people in some other sphere of life.

I am not going to take up more of your time on this question, Mr. Speaker. I notice that most of the speakers take their full forty minutes. I want to put myself on record now: if I am ever heard speaking in this house for more than fifteen minutes I hope someone will ring the bell.

Mrs. MARTHA LOUISE BLACK (Yukon): Mr. Speaker, may I be allowed to say just a few words in behalf of the older generation in the Yukon? There an allowance of $20 a month is given by the federal government to men when they are absolutely unable to work, and that allowance is not limited to men of any particular age. I think all hon. members will agree when I say that men who went to that country in 1896, 1897 and 1898, who have worked out when the thermometer was 60, 70, and even 75 degrees below zero, and who have lived on the food on which they had to live in those days, have pretty well exhausted their physical endurance. If it is within the power of this government to make that allowance to men in the Yukon at the age of sixty, or even sixty-five, it would save these old timers a great deal of the humiliation they must endure when they apply time after time for a little help. That help is often given them, but at other times the commissioner has to say, "My hands are empty; I have nothing to give." We in the Yukon will all appreciate it if the minister is able to give this matter favourable consideration.

Mr. E. J. POOLE (Red Deer): I am glad to have this opportunity to speak for the first time in the House of Commons. I have been rather struck with the procedure followed here, the things that are done and the things not done. It appears that every question brought up on the floor of this house revolves around one outstanding point, and that until such time as we can get beyond the framework of the present financial system it is

useless to speak of extending social services; for unfortunately we have uplifted the question of finance and have submerged human rights.

I have listened with some interest to the discussion of unemployment relief. I can quite appreciate why many hon. members may not understand the depth of the poverty that exists in this country, because it is seldom one sees poverty on parliament hill. But if you go into the highways and byways of the west you will find to-day both old and young living in poverty, not because they are old, not because they are inefficient, but because governments refuse to recognize their responsibility by doing away with financial monopoly. Why should there be any debate on the question of old age pensions? Is there any man who has scratched below the economic surface who does not recognize that there are thousands of people who are physically and mentally below par and cannot be absorbed into the industrial life of the country because the field is narrowing and industry is choosing only the best? It is the duty of the government to make available the natural resources of the nation to aid those who have passed the age of sixty years. But again we are told, "It cannot be done; we have not the money and we cannot tax," and the question is asked over and over, "Where is the money to come from"? I believe that the members in this corner of the house can well answer that question. I know there are those in this house who smile at the new economics, who have grown up with the traditional outlook, but if you want to know where the money is to come from to do these things, the hon. member for Rosthern (Mr. Tucker) gave the answer when he said: You can make it just the same as the bankers make it. But unfortunately most hon. members in this house do not understand the functions of money. If the people of Canada understood the functions of money, its purpose and how it is brought into being, I am convinced that this monetary system would have been changed long ago. I have in mind the message of the Prime Minister (Mr. Mackenzie King) on the night of the election; it carries some hope. He said:

> In the new era which dawns to-day the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before. Poverty and adversity, want and misery, are the enemies which Liberalism will seek to banish from our land.

But "where is the money coming from"? The first duty of this government is to take from those who have the control of money and place it back in the hands of the state, and to provide, not only for people who have reached sixty years of age but for every human being in the Dominion of Canada, economic security. Then hon. members may ask: What will you base your money on? Exactly the same as the bankers base theirs on; first, the natural resources of the nation; second, the ability of the people to produce, and third, the natural demand for goods for consumption. The only purpose of money is to distribute goods.

Mr. DUNNING: Hear, hear—exchange.

Mr. POOLE: Exchange is the purpose. But to-day people get it only through wages, salaries and dividends, and therefore the total purchasing power of the nation does not at any time equal the total price values. The situation is aggravated by machinery which produces more goods with less manual labour and so displaces wages, salaries and dividends, with the result that as the nation produces more goods people become more and more poverty stricken, because wages, salaries and dividends are becoming less.

Turn again to the west. When we speak of the conditions of the producers there we are told that we must expand markets for their produce. Let me say again to this government that if they are depending for the future prosperity of this country upon expanding export markets on the same basis as in the days that are gone, prosperity will never come, The problem is internal and it is a financial one. The only purpose of an export market is to receive in exchange for goods which we cannot consume at home such goods as we cannot well produce in Canada. So we see as time goes on more men no longer needed in the industrial field. We have old men, men who have given their best to this country; yet when they say: Give us a pension, give us at least a pittance, some kind of security, they are told: No, it cannot be done; the money must come first—do not tax anyone else. But I say to you that what applies to the old of this country applies also to the youth of this country. Why do we measure everything in dollars and cents? There is a moral cost which this country will some day pay and pay in full.

I do not intend to speak at any length now because at some future time I intend to deal with these questions on an economic basis. This is not a matter to be dealt with merely on compassionate grounds; for I know that within the next four or five years, during the life of this government, they are going to face a crisis such as was never before faced in this country, and these things which we are advocating will be thrust upon them

or they will go to the wall. I say to the hon. member for Rosthern: I appreciate what he said; I think I understand his philosophy; I know he is sound, and if liberalism does not carry out the things for which hon. gentlemen on the government side were elected, my hon. friend will find lots of room in this corner, because we shall be the next government. We are here on the basis of co-operation, of course; we are here to help all we can. You may express all the sympathy in the world, you may shed many crocodile tears, but that will not feed one man or one woman in Canada. It costs money to feed people. You have the power to extract it. The first duty of this government is to feed its old people; that is the first step to greater things that must come later.

Mr. A. MacG. YOUNG (Saskatoon): It is not my intention, Mr. Speaker, to get up in the clouds about theories of finance and banking practice; I merely want to see if I can catch the spirit of this resolution and say a word or two from that point of view. I was not backward in saying on the public platform before I came here that I believe the age at which the old age pension now begins might reasonably be lowered, and I say that here. I believe the present age limit of seventy might be reasonably lowered to sixty-five, and I make that suggestion to the government. I am one who believes that we can find a way of financing a proper practice or principle; I believe we have been a good deal up in the clouds with respect to many of these questions.

As the resolution stands I do not believe I could give it my support. For instance, I see the right hon. leader of the opposition (Mr. Bennett) in his seat; under the terms of the resolution he would be retired and would receive some sort of compensating allowance for his compulsory retirement. I do not believe the right hon. gentleman would require that. The resolution goes so far as to say that all persons would be retired at the age of sixty, thereafter receiving some sort of compensation. That may not have been the spirit of the resolution, but I believe I have correctly indicated the wording of it, and for that reason I do not think hon. members could support it as it is drafted.

I believe the principle of giving old age pensions is a proper one, and as a member of the House of Commons at the time the bill was passed I was delighted to support that principle. I cannot agree with the hon. member who spoke a few moments ago, but is not now in the chamber, in his statement that the principle of old age pensions was introduced by a private member from his corner of the house, because I do not believe they were in power at that time. Further, I was very much surprised to hear the hon. member say that that was the price we had to pay in order to gain their support. I have never put them down to a level quite as low as that, namely to a point where they could be purchased. I believe they supported the bill because they believed in the principle of it, the same as the Liberal government introducing the measure believed in its principle. I believed in it then and believe in it to-day. The age limit set at that time was seventy years, and under the circumstances I believe it was the best we could do. Since that time I have met many men and women, and from talking with them I have learned their problems and their difficulties. From this experience I have come to the conclusion that with a great measure of justice we could lower the age limit from seventy years to sixty-five. Perhaps not this year, but I hope not later than next year or at least before this parliament dissolves, the government will have the affairs of Canada in such satisfactory shape, not simply by lowering the age limit to sixty or sixty-five years but by the introduction of proper policies and by proper administration, that conditions will be immeasurably more prosperous than they have been. I believe we will be so prosperous that we will not be worrying about where the money will come from to give those older people that pittance to which, in my humble judgment, they are justly entitled.

I commend to the government the suggestion that they look into the matter, and that they have the age limit for an old age pension reduced from seventy to sixty-five years.

Mr. W. M. RYAN (St. John-Albert): Mr. Speaker, I wish to say only a few words in connection with the resolution. Like the previous speaker (Mr. Young) I am heartily in sympathy with the principle of extending the age limit at which people may receive pensions, but I do not believe I could support the resolution as worded. If it did not leave the impression that it might be interpreted as compulsory I might be in a better position to support it. Under the circumstances, however, since it appears to be compulsory, I do not believe it should receive my support. On the other hand if it provided for voluntary measures I should be only too glad to vote in favour of it.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, it is not an easy task which I face on an occasion of this kind. It is very pleasant to be free to the degree hon. members are free to advocate in this chamber whatever they deem to be in the best interests of their constituents, and of the people of Canada. I question the sincerity of none. I do however deprecate a little the habit of some of putting those of us charged with responsibility in the position of valuing property rights more highly than we value human rights. May I say to some of the self-righteous members who always adopt that attitude that to my mind it is not ignoble to be charged with the duty of conserving the funds contributed by all the people of Canada. That does not constitute the guarding of property rights to the exclusion of human rights, because as a matter of fact every matter which comes before this chamber affecting the economics of the people of Canada or affecting the taxes they pay has a direct relation to their human rights and their human opportunities.

The resolution itself was not supported by its mover. On the records of the house appears the resolution:

> That in the opinion of this house the government be requested to immediately introduce legislation granting—

Granting what?

> —adequate retiring allowances to all citizens over sixty years of age, thereby giving an opportunity—

And so on. I repeat the expression "adequate retiring allowances to all citizens over sixty years of age." Mr. Speaker, that will appear in the socialist propaganda, from now on, as the policy of the socialist party in Canada. The people of Canada will be asked to believe that if the socialist party comes into power that resolution represents the policy they will put into effect. Witness what happened, however, when the mover of the resolution rose to address himself to it. He indicated that it did not mean what it said, at all. In order to clarify the situation I asked a question as to whether he meant all citizens. "Oh well," he said, "of course there would have to be regulations"—and he was delightfully vague as to that. I was a little more successful in getting him to state what he regarded as an adequate retiring allowance, because he gave the figure of $50 per month. I believe I am correct in stating that he gave that figure as being an adequate retiring allowance under the terms of his resolution. If we assume that the resolution means what it says, and that under it $50 a month would be considered an adequate retiring allowance, the plan it suggests would cost this country $500,000,000 per year. That is what it would cost, if the resolution means what it says. Of course the hon. member has protected himself against that by stating that it does not mean what it says, except I assume for propaganda purposes to indicate the policy of his party, if the country should ever be unfortunate enough to have it in power.

Mr. HEAPS: I believe it is against the rules of the house for any hon. member to impute motives to another. I would say that hon. members in this corner of the chamber are probably just as honest as the minister, and if I made a statement before the house I meant what I said.

Mr. DUNNING: Of course the hon. member meant what he said. If it will satisfy him at all I will say that if any word of mine imputed motives to him personally I withdraw it here and now. But will my hon. friend tell me this: Will not that resolution be printed and scattered broadcast across Canada as the policy of his party? Will he tell me that? I pause for a reply.

Mr. HEAPS: I will answer my hon. friend when he gets through.

Mr. DUNNING: Well, it will either be printed as the policy of the party or it will not, and we shall judge by what happens in that regard. However that may be, the resolution as on the order paper and as it will remain upon the records of this house, interpreted in terms of adequacy, as put forward by my hon. friend himself, of $50 a month, would cost this country at least $500,000,000 per annum. It is my right, sir, to give the house that information.

Now as to the necessity. Of course I do not think one should say or even imply that members in any section of this house desire to withhold from the sick and the needy in this country the wherewithal to live. That is an unfair imputation against any member of this house. It is unfair for my hon. friend from Weyburn (Mr. Douglas) to point to two million dollars spent on the health of animals and then to imply that this house is not sympathetic in expending money on human beings, when in the very estimates from which he quoted there is no less a sum than $70,000,000 that I was able to pick out in just a few minutes to help human beings live and carry on. Of course, that is due them. But why is it necessary for members to stand up and put one another in the position of apparently being willing to spend money

on animals and not spend it on human beings? Surely we can carry on the debates of this house without that sort of imputation against each other.

Mr. LANDERYOU: May I ask if the minister considers $70,000,000 enough to take care adequately of human beings in this country?

Mr. DUNNING: No amount would ever be enough, but may I point out that all the money paid by Canada to people incapable of sustaining themselves must come from those other Canadians who are sustaining themselves. I know that that is not according to my hon. friend's economic philosophy, but that is the way things work. Those who are sustaining themselves in this country provide in reality the funds necessary to sustain those who are not, and I venture to say that it will be a long time before we improve materially on that state of society. Of course I know there are various theories. It has been suggested in this debate where the money could come from, and the terms "credit" and "money" are constantly mixed up with each other and juggled around as if they were the same thing, when every hon. member who studies the question knows perfectly well that there is a wide distinction between them.

Without going into any exposition of banking, of which I assure you, sir, I am quite incapable, and without going into it for the other reason that it would not be in order on this resolution, may I say that broadly speaking the term "credit" involves something which has to be paid back, and perhaps it would be as well for hon. members to bear that in mind when they speak of credit as distinct from money. Money is something which one has; credit is something which can be secured, but on terms that it be paid back. Constantly in this house and elsewhere I hear credit discussed as if it were something which one secured and then the process was over, and you could go out and spend it and have a good time, and that is all that would ever happen. That is just an elementary point in connection with the suggestions that have been made.

I congratulate my hon. friend from Rosthern (Mr. Tucker) upon his courage and vigour of utterance and upon his study of the matters to which he referred. I hope he did not think my question was one intended to embarrass him, but when he made the statement that the bank formerly could borrow from the Minister of Finance under the terms of the Finance Act at 2½ per cent, and then multiply the amount they had borrowed by nine and lend the sum total out at five per cent, really, Mr. Speaker, that was too much for me. I shall not go into a detailed explanation now but I will simply state to my hon. friend positively that it is not so, and if it were possible under present conditions, then I am quite satisfied that within the walls of this House of Commons we could very soon get the capital together to start a bank and it would certainly be quite a profitable enterprise. That does not mean, of course, that there is not very much of value in the reports from which my hon. friend quoted in a fragmentary fashion; there is. We in Canada are making forward steps constantly with respect to our control of public credit and the like, and I believe that we shall have to proceed further through the machinery which has already been set up by this parliament, but we must proceed further safely and wisely—safely and wisely, I repeat. When I say safely and wisely, let no one within the sound of my voice get the idea that I believe that by printing money a nation can make itself rich; it cannot do it. Everywhere and always the history of inflation, continued to its logical conclusion, has been to reduce the real wages of every worker in the country, to reduce the real savings of the people of the country, and to bring about a last condition very much worse than the condition it was designed to cure.

In these times of grave world difficulty, Mr. Speaker, we must always recognize this, that something which might be quite unsound for one country to do alone because of its international trade relations with other countries might become the sound thing for that nation to do, assuming that all the other nations with which it was doing business did the same thing. I do not suggest that as a hint at all in the direction of inflation, but I would call the attention of members of this house who study these matters to what has taken place in that regard, to the difficulty which occurred in this country and in other countries so long as we were out of step with each other in a major way in money matters, and how much easier matters have become in international trade since we returned to a more reasonable relationship with each other so far as concerns the value of our currencies in terms of other money.

To get back to the resolution on the order paper—and I am surprised, Mr. Speaker, that you have not called me to order for talking finance on a question of this sort—I stated a few moments ago that to carry out literally the terms of the resolution would cost this country $500,000,000 per annum or there-

abouts. Now I want to be more reasonable. I want to speak of what my hon. friend says the resolution means, and show what it would cost if we take his interpretation.

From the bureau of statistics I obtained the information that if the proportion of the population over seventy who are now receiving the old age pension were the correct proportion in the case of those whom my hon. friend would pension over sixty—in the absence of other data it is rather difficult to form any other estimate, and in any event any change would not materially affect the result—the present proportion of those over seventy who are now receiving the old age pension being 28·5, if the proportion were the same with respect to those over sixty and the payment were the same as that now made to those over seventy, the added annual cost to the country's pension bill would be approximately $32,600,000. I thought the house would desire to have that information, because in deciding to undertake even humanitarian projects it is good business to count the cost and figure out in advance where the money is coming from, not on the basis of any theory or any idea or experiment which still remains to be proved, but on the basis of knowing that we have to take the money out of the pockets of the Canadian people somehow, somewhere, and that those who are now self-sustaining are charged with the responsibility, financial and otherwise, of supporting those who are not.

Now just a word as to the need. We hear in this house mostly of those over sixty who need and ought to be supplied with some sustenance by the state; and, of course, we all have the habit of exaggerating from the particular to the general; we take a particular case and develop it to portray a general condition. But fortunately we have a very good, a very useful census bureau which does give us information upon which it is possible to base some idea of general need as contrasted with particular need. I concede at once the principle that particular need in this country should be cared for, and I would point out that, since the beginning of government in this country, it has been a municipal and provincial responsibility to take care of particular need as regards indigents and so forth. It is only when problems of this kind assume such great proportions that they must be dealt with nationally that the federal government comes into the picture. There is provision for taxing people locally to take care of particular cases of need in their own municipality. That it is now inadequate we all know, and it is now being supplemented from this federal treasury to the amount, in excess of the figures I quoted a little while ago, of around $50,000,000 per annum in various ways.

This federal parliament has never put property rights ahead of human rights as long as I have known parliament; human rights have always had a sympathetic hearing from all sides of the house, and the house has always been desirous of going as far as is economically wise at the time; indeed, its tendency is if anything to go further. Now, with respect to the need, there are a large number of men over sixty, and I am sure it will surprise some members of the house to know that the average earnings of men at present living and working, who are over sixty years of age, are $1,072 per annum, compared with a high mark at age fifty, for all those living and working, of $1,208 per annum.

We may all argue that neither sum is great enough, but I would suggest that the decline in earning power from $1,208 per annum, which is the peak at age fifty, to $1,072 at age sixty, is not an indication that a majority or any large number of those over sixty years of age would wish voluntarily to retire on a pension of $50 a month. My experience too of men over sixty is that you do not usually prolong their lives by arranging for their retirement. That is the experience of superannuation funds and of employers and trades unions not only in this country but the world over. It is the experience that to deprive a man of his job while he is yet physically capable of carrying it on, work which has meant something to him down through the years, which some of us might consider drudgery but which to him means something, because it is his occupation in which he takes pride,—it is a well known fact, I say, that to retire such a man from that occupation very frequently shortens his life.

It is interesting to know that men over sixty, the group which as I said a little while ago, average $1,072 per annum, earn as much as the age group of thirty-four; that is to say, a man has to pass thirty-four years of age in this country before he can earn more than a man of sixty earns. Again, I do not want to make the mistake of confusing the general with the particular. This, of course, is an age group in each case, but it is significant that industry in this country still values the services of men over sixty as highly as it does the services of men of thirty-four, in terms of actual money.

Mr. HEAPS: Has the minister the figures as salaries and wages, distinguishing the one from the other?

Mr. DUNNING: I have not. My hon. friend knows perfectly well that the figures of the bureau of statistics are by groups. He has been to the bureau, as I have, to get information. There is not that distinction.

Mr. HEAPS: I have not been there at all.

Mr. BENNETT: The word should be compensation, not wages.

Mr. DUNNING: The leader of the opposition is right; I should have said compensation, which covers all classes of remuneration. But I am assured by those who study these matters that such a distinction, even if it could be drawn, would not materially affect the average figure I have given, for the reason that after the age of sixty a man is being paid for something which he has not when he is thirty-four: he is being paid for experience and ability and technique developed down through the years. The position of that large group over sixty as a whole is not so bad as the particular instances given the house would indicate that it is.

When I say all this, please do not think—I say this once more—that the government is not sympathetic to the extension of the old age pension provision as the position of this country will enable it to be extended. When we introduced the legislation into this house, as the hon. member for Saskatoon (Mr. Young) will remember, the house then laid it down as a principle that we should make a start at the age of seventy and that we would watch the progress of the legislation and economic condition of the country and would advance, in connection with that particular piece of social legislation, as fast as the circumstances of the country would permit us to do so. That is the position taken by the government to-day.

We do not believe, in the face of the known condition of this country, that we should at the present time embark upon what the resolution calls for; I am satisfied that the house would not want us to do so, in the actual terms of the resolution; nor is the government prepared at this session to go further in the field of old age pensions—not because we would not like to, but because we are convinced that this country must hold tight for a while until we can see more clearly than any of us here can see to-day. When I say "any of us here," I mean any of us in the government. There are members in the house who can see more clearly than we can; that is evident from the discussion. There are members to whom it would be easy to raise the money required. There are methods which this country has not yet adopted and which they say would be good. We regret, Mr. Speaker, that we cannot see that inflation on the scale and in the manner proposed would be good for the Canadian people; if we could, we would propose it.

Every member of the government is as much concerned with the welfare of every Canadian citizen as any member who has spoken. Those of us who are not bachelors are fathers; we have feelings, and we think pretty much in the same terms as other men think. And I say that our reasoned conclusion about this matter is as I have stated. We shall have to ask, therefore, that the resolution be voted down. We will ourselves vote against it for the reasons I have indicated.

Mr. HUGHES CLEAVER (Halton): Mr. Speaker, may I place on record the reasons why I shall have to vote against the motion before the house? The hon. member (Mr. Heaps) who introduced it, if I understood his argument, sponsored the motion partly in any event as an unemployment relief measure. I for one do not agree that unemployment can be solved by the government going into the employment business; nor do I agree that it is economically sound that any government can spend its way into prosperity. It is my opinion that the only cure for our present unemployment problem is to place men back in profitable employment in industry.

I am in favour of an amendment to the Old Age Pensions Act which would reduce the pension age from seventy to sixty-five, not as an unemployment relief measure but on purely compassionate grounds; to pension men not because they cannot get employment, but because I believe many of our people in Canada to-day are physically burnt out at sixty-five years of age and so unable to earn a living for themselves and their dependents. I quite agree with the statement of the Minister of Finance (Mr. Dunning) that our people are already burdened down under an almost intolerable load of taxation, but I suggest in all sincerity that if the members of the house, and more especially the private members, would withhold their applications to and their demands on the departments of Finance and Public Works for expenditures of money, and come forward instead with sincere and honest recommendations and proposals as to how public expenditures can be reduced without curtailing the efficiency of the different departments, we should have plenty of money to take care of proper old age pensions.

Mr. J. C. LANDERYOU (Calgary East): I had not intended to speak to this resolution, but I should like to deal with some of the remarks that have been made with regard to

it. I notice that yesterday the hon. member for Melfort (Mr. McLean) stated that we are in an age of scarcity, and he referred to Alberta as being frowned upon by providence. May I bring to this gentleman's attention the fact that that province, according to a report which appeared in a periodical published in Alberta, produced last year a total of $152,778,000 worth of agricultural products, including grain, fodder crops, root crops, dairy products, live stock and miscellaneous; that in addition Alberta had a fine crop of honey of over a million and a quarter pounds; that her coal mines produced about $27,000,000, and her oil production amounted to $3,800,000, the total figure being $222,078,000. I have also some other figures to draw to the hon. member's attention as to wealth produced in that province. In 1925 Alberta produced $261,000,000; in 1926, $298,000,000; in 1927, $378,000,000; in 1928, $341,000,000; in 1929, $233,000,000. It has been estimated that the provinces of Alberta and British Columbia combined have produced total wealth amounting to over $3,000,000,000 in a period of five years. If that is so, and Alberta being a part of this great dominion which has produced more than $10,000,000,000 of wealth in a period of ten years, why is it that Alberta is at the present time bankrupt? Why is it that the health facilities of the province are being undermined, and our educational institutions threatened? Why is it that the municipalities cannot meet their obligations? All these problems have come about simply because of the present obsolete monetary system. I would point out that the problem of unemployment is prevalent not only in Alberta but in Ontario, in Quebec, in any place in this world you care to go, and I would suggest that that is not because providence has not shone upon us. Our late king said:

> It cannot be beyond the power of man so to use the vast resources of the world as to ensure the material progress of civilization. No diminution in these resources has taken place. On the contrary discovery, invention and organization have multiplied their possibilities to such an extent that abundance of production has itself created new problems.

That statement was made by our late king at the opening of the world economic conference in 1934. The statement of our late king that science, invention and organization have multiplied to such an extent our ability to produce that new problems have been created, is substantiated by a study of history. We know that in the age of hand labour, men, women and children worked for long hours under great hardships to produce the fundamentals of subsistence, the bare necessities of life. But the king and many others have declared—

Mr. SPEAKER: Order, I do not think the hon. gentleman has a right to bring the name of the king into a discussion.

Mr. LANDERYOU: I want to keep within the rules of the house. I suggest that many great economists recognize that we have solved the problem of production and we must now solve the problem of distribution.

I wish to refer to the remarks made yesterday by an hon. member on the other side of the house with reference to a question I asked regarding the coal situation in Alberta, dealing with the resolution I am discussing at the present time. It is estimated that Alberta contains fourteen per cent of the entire coal deposits of the world, yet we have coal miners on relief and farmers who have not sufficient coal to keep themselves warm in the winter time. Is the only solution of the problem this: We must have an outside market for the wheat and an outside market for the coal before these people can exchange their commodities inside the province. Where is the money coming from to enable the farmers of Alberta to buy the coal that we can produce in that province? The difficulty is that there may be sufficient credit available for this purpose, but those who have control of it are afraid to invest it in the creation of new wealth because they know the people to whom they desire to sell have not sufficient purchasing power to buy. There is not an hon. member who would invest money in the coal mines of western Canada, because they recognize that the farmers of Alberta, the closest potential market, have not the purchasing power to buy this coal. So I suggest that the community which is faced with this difficulty must appeal to the government responsible to see that credit is made available to producers and that it is distributed in such a manner that those who contribute their labour to the production of wealth shall receive a fair wage and that those who furnish the raw material necessary for the production of wealth shall receive a just price for that raw material. In this corner of the house it is recognized that there is not sufficient paid out in wages, salaries and commissions to equate the cost of goods for sale, so we suggest that the government should not only issue a dividend that will adequately maintain men over sixty years of age but issue a dividend to all men, women and children in this country

so that we may make up this deficiency in purchasing power which is so apparent in our economic structure to-day.

In regard to giving pensions to men over sixty years of age, Mr. Speaker, surely we recognize that many men at the age of sixty are capable of rendering and willing to render more to society than they are at the age of thirty, forty or possibly up to fifty. We recognize that many men do not like to go out of employment or cease their contribution to society at the age of sixty, but we recognize also that many men are incapable of contributing anything to society at the present time. In many of our industrial enterprises the field has narrowed down until only young men are required. So I would suggest that we consider this resolution in that aspect, that to these men who at the present time have reached the age of sixty we grant an adequate allowance, the money not to come out of the taxpayers but to be created by the government as a new issue and to be given these men to take up a portion of this lack of purchasing power which is so apparent.

I feel that we should place a proper interpretation upon this resolution and weigh it without technicalities. I do not see the word "compulsory" in the resolution and I do not believe it is the intention of the mover to compel anyone to retire at the age of sixty. I believe the intent is to have this allowance given those who have reached the age of sixty and who find themselves no longer able to maintain themselves in proper food, clothing and shelter, and I commend the hon. gentleman for his resolution.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I do not propose to be placed between the horns of the dilemma presented by this resolution. It does not matter what hon. members seek to read into it, I agree with the Minister of Finance (Mr. Dunning) in his exposition of what it really says; in fact I think he might have gone further. It not only proposes a retiring allowance to "all" citizens, but I would direct attention to the fact that it says:

—the government be requested to immediately introduce legislation granting adequate retiring allowances—

I assume that the word "adequate" would have reference to the man's previous income, so that if the man being retired at the age of sixty had been receiving an income of $5,000, it would be appropriate to give him an income of perhaps $2,500, because certainly an adequate retiring allowance for that man would not be $20 a month or anything like that. What the resolution says, however, is: "Adequate retiring allowance to all" citizens.

I do not propose to be placed in the ridiculous position of demanding that the government spend a sum approximating $500,000,000 a year. On the other hand during the campaign I willingly pledged myself to vote for a reduction of the age at which the old age pension might be obtained to sixty-five or, if possible, to sixty. I still wish to adhere to that and, if I vote against this resolution, I do not wish to be placed in the position of betraying the pledges I made. I am not called upon to be placed in that position, and I resent the scheme which is put forward—clearly for political reasons—to place a number of us in that light. Therefore, Mr. Speaker, I would direct your attention to the fact that the resolution is entirely out of order, inasmuch as it is well known that it involves a large expenditure of public money, and any resolution having that effect may be brought forward only by the government of the day.

Mr. HEAPS: Mr. Speaker—

Mr. SPEAKER: Order. If any hon. member wishes to speak he should do so before the hon. gentleman closes the debate.

Mr. NEILL: I raised a point of order.

Mr. SPEAKER: I think this motion is properly before the house; I do not think the point of order raised by the hon. member is well founded. It is not proposed in the resolution that the money be expended immediately; the resolution states that in the opinion of the house the government should be requested to immediately introduce certain legislation. The hon. member who moved the resolution does not say that he wishes to bring in that legislation himself. He says that the government should introduce the legislation, and it would be competent for the government to do so if they saw fit. For these reasons I think the motion is in order.

Mr. NEILL: May I be allowed a further word? I did not elaborate my point of order because I thought it was so obvious. Time and again similar motions have been deemed out of order. It is not a question of whether this hon. member wants to do anything; it is illegal and out of order to introduce in the house a resolution which is mandatory on the government to spend a large sum of money.

Mr. HEAPS: On a point of order—

Mr. NEILL: I am speaking to the point of order.

Mr. HEAPS: You have given your ruling, Mr. Speaker, and I should like to know whether the hon. member is appealing from your decision.

Mr. NEILL: Unless Mr. Speaker halts me I think I might be allowed to elaborate my point. I do not wonder that the hon. member seeks to interrupt me, because he knows I am right. The government, and only the government, has the power to introduce resolutions involving the expenditure of large sums of public money. The resolution, if it passes, demands or requests the government to immediately introduce legislation that will involve an enormous expenditure of public money. I defy anyone to look up the rules and the precedents that have been established for many years in the house and say this is not out of order.

Mr. SPEAKER: I have given my decision.

Mr. NEILL: Then I will appeal from your decision.

Right Hon. R. B. BENNETT (Leader of the Opposition): May I suggest that your honour look at the precedents, because I was looking at the matter casually and I think there is much to be said for the argument presented by the hon. member for Comox-Alberni (Mr. Neill). I think the language of the resolution is what causes the difficulty. A resolution might be formulated that would come within the rules of the house, but I say with deference that I think if your honour would look at the language of the resolution possibly you would think it well to consider the matter further, perhaps during the recess.

I do not rise for the purpose of making any extended remarks. I desire merely to read to the house what was said in the course of the broadcast I made last fall, to which broadcast reference has been made by several hon. members. I am quoting from the manuscript from which I then read; therefore I will have to read it:

By intelligent management, with the aid of business, in cooperation with the provinces, by the splendid support of citizens in every walk of life, both those who could afford to contribute and those who could not afford to contribute, we have made definite headway. We have reduced unemployment. Unemployment which reached the high figure of approximately 783,000 in the low point of the depression in 1933, is now under 500,000, substantially where it was in June, 1931.

Now I will ask you a question. Suppose that we were able to return this country to the conditions prevailing at the peak of the boom years, would we by so doing succeed in reducing our unemployed to the numbers as of that time? I say no. And it is vitally important that you should understand why. And this is why. The great employment of more efficient machinery in the last five or six years, the introduction of new economies, the development of labour saving devices, the elimination of duplication, growing concentrations of business, have made it impossible under the same conditions to employ the same number of people. It is calculated that, in the last five years, there has been added to our workers—the white-collar worker, the farm worker, the industrial worker—about 800,000 persons. Assuming we were to return to the level of 1929, the lag in the present volume of unemployment would not be taken up by more than fifty per cent.

But the business of this country has not increased to this extent, for the basic reason that the business of the world has contracted, and even if it had, it would have been necessary to put a stop, during the interval, to all concentrations of business, all economies in operation, all labour saving devices, which would, of course, have been as unwise as it would have been impracticable.

So, either way, you see it was utterly impossible, and so it will continue to be. For science and invention will not submit to a straight jacket, and to the rate of recovery of this shattered world, even assuming we could now look forward to recovery, there is a very definite maximum.

Now there is nothing particularly new in all this, and I am not suggesting that the proposal I have to make is one the soundness of which is supported only by very recent events. Its soundness in principle was apparent some time ago. But experience in the past year emphasizes the urgent need of its adoption.

Therefore I come to my proposal. In my opinion and in the opinion of my colleagues, the first step to be taken by way of a permanent solution of this problem is to remove from the labour market all those workers who have reached the age where, especially under conditions of to-day, the worker's social interest, the state's economic interest, equally sugest the wisdom of retirement.

It is, of course, clear to all of us that the old rules governing hours of labour and years of labour can no longer apply, because we live in changed economic conditions. That fundamental truth forces gundamental changes in our whole economic system. These changes embrace changes in conditions of work, hours of work. They also embrace changes in the age of retirement from work.

This new economic trend has already influenced the retirement schemes of certain private enterprises. And these enterprises, after careful estimate of all the factors involved, have met the new conditions by determining upon a retirement age of sixty years.

The government recognizes this principle. And, in conformity with it, will introduce into parliament legislation to make it effective.

Mr. YOUNG: I rise to a point of order. The other day the right hon. gentleman spoke about reading speeches in the house, and now he is reading his speech to the house.

Mr. HEAPS: He is quoting from a document.

Mr. YOUNG: I take it that we all have the same privileges here. The right hon. gentleman may say that this is not the

speech he is making at the present moment, but certainly it is his speech which he made some time ago, or if it is not his speech perhaps he will be good enough to tell us whose speech it was.

Mr. BENNETT: Mr. Speaker, I am reading from a speech which I made over the radio last year. I am within my rights in so doing.

Mr. SPEAKER: I think the right hon. gentleman is not out of order.

Mr. BENNETT: The hon. gentleman is running true to form:

> This scheme has two basic merits. It provides the only possible means by which the youth of the land can secure employment when by age and training they are ready for employment. It provides the only means by which all people may obtain security and leisure and a chance for recreation and pleasure, when they have moved beyond that age where, in any Christian state, the workman should be forced to continue at his labours.
>
> Let me make this proposal clear, because, as I say, while the idea is not novel, its operation will be enormously far-reaching. It is a bold, and, I believe will prove to be a triumphant, attempt to put an end to this curse of unemployment, to free the labour market from the dead weight of the unemployed, to put purchasing power in the hands of a greater number, to effect, in a sound and equitable way, a measure of redistribution of the wealth of the land.
>
> The application of this principle will mean, in the first year of its operation, the withdrawal from the labour market of 120,000 people, and provide that number of jobs for younger workers.

I shall not read beyond that, Mr. Speaker. That statement which I made publicly last fall was made for the purpose of directing attention to what has been alluded to this afternoon by one hon. gentleman, namely conditions in the United States, where the president recently pointed out that if the high state of industrial activity that existed in 1928-29 were to return in that country there would still remain six million idle persons with the existing population. That, I figure, would represent in this country at least five hundred thousand, allowing that we have one-twelfth the population of the United States. It need not be a matter of surprise to hon. members to realize that this is so; all one has to do is to look at the labour-saving devices that have been developed, to go into any factory and observe where work that used to require seven or eight men is now done by a machine operated by one man or sometimes two. The other day I saw in operation a machine doing work which at one time was done by a very large number of men. There have been improvements by which the number of men required was reduced and further reduced until we have half a dozen men doing work which at one time was done by a hundred men. The inventive genius of man has operated to prevent men from finding employment, so that even if the conditions of employment which have been referred to were to return in Canada we should still have a vast number of unemployed.

That situation could be dealt with in two ways. The method that was suggested by me last fall is the one which the larger institutions of the country have adopted. For example it is well known that the banks are retiring their officials at sixty years of age. Some of their highest paid officials are being retired at sixty, and the pensions they receive are often large. The financial institutions throughout the country in addition to the banks are doing the same thing, and other organizations are following the same practice.

Mr. HEAPS: Might I ask the right hon. gentleman whether these retirements are compulsory?

Mr. BENNETT: I was coming to that. In regard to those who contribute to the superannuation funds of their respective institutions the retirements are compulsory; about that there is no doubt. I know of half a dozen cases that have come to my immediate attention in which officials, having attained that age, have been retired compulsorily, but having paid in to the pension fund they are receiving in many cases the maximum they would receive if they remained on, and their places have been taken by younger men. That is true in many institutions.

I will give the house the other side of the picture. The other day when I was in Calgary a man and his wife came to see me; she was sixty-six and he was sixty-eight. So far as I know he never in his life received as much as $1,800 a year. I think that is too high a figure, judging from inquiries which I made. They had brought up a family, bought a small house or two, and had saved during the period of his employment, and they asked me to be the medium of communication by which the sum of $11,400 in cash was paid to the government to secure for them on their joint lives an annuity of $1,000 per annum. That indicates what may be done under one set of conditions.

A few days later another man came to see me, a man whom I knew rather well, who had been in the same employment as the

first man. He had reached the age of sixty-eight. He had been retired from work; he received no pension, and he told me that all he had between himself and absolute privation was $200. He told me why he was in that condition. He had been receiving substantially the same wages as the first man, but almost every year sickness had dogged him and his family. An operation here, an illness there, a child laid aside for months, and at the end of his period of work with the corporation that had employed him, retiring without any pension, he had been able to save only $200. He had a little real estate which he had obtained by purchases in buoyant days, but I think probably the city is now the owner of it for taxes.

Those are illustrations of two sets of conditions which have to be considered. I am not going to elaborate upon them this afternoon. I had, before making that statement last year, prepared a definite plan for dealing with this matter. That is not of importance now, because it is no longer possible for me to give effect to it. However I do believe a contributory system of pensions should be enforced in Canada. I believe every man, beginning at a fixed age, should make such a contribution, and I had prepared a plan whereby a person would be able to obtain stamps at every post office, such stamps to be placed in a book. At the end of a given period of time, whether it be sixty or sixty-five years, or whatever period might be agreed upon, the annuity thus earned by the savings of the citizen, with interest computed as we now have it, at the high rate of four per cent, would determine the extent to which pension would be received. I had proposed that the state would bear the cost of administration, and certain other features that need not now be discussed, because there were certain actuarial figures which were not complete. However I do not think it fair to ask the state to bear the entire burden, looking to the long future. There is a lag, which must be taken care of. Some hon. members will recall the speech of the Chancellor of the Exchequer in England when introducing a consolidated measure for social relief involving what is now called the dole. That term is applied erroneously in some instances, because it is a sum payable to individuals for which they themselves have made provision—they making a contribution, the employer making a contribution and the state making a contribution. It is a payment, not by the state covering the whole sum, but by three parties, namely, the state, the insured or the individual who is to receive the benefits, and the employer. That of course applies only to industry or, in the broader sense, to where there is a relationship between employer and employee. But where the relationship between employer and employee does not exist, and it is one merely of a citizen to the state, it does appear to me to be reasonably clear—and I am told that the proposals I had prepared were sound—that the citizen and the state together would commence, early in the life of the citizen, savings of amounts which at a given age would enable him or her to receive just what his or her savings amounted to. This should extend alike to farmers' sons and daughters, and to everyone. Everyone should be given the widest possible opportunity to avail himself of the provisions of the proposals which I had formulated.

This proposal contemplates the state paying the whole amount, and that it should be payable to everyone. I ask the hon. member for North Winnipeg (Mr. Heaps) whether he has given any consideration to the effect that would have upon the character of the people of Canada. I mention that merely in passing, because after all we know that all these social measures—and it has been the experience of all countries—have a profound effect in, shall I say, creating national character. The first social insurance measure on a large scale of which we have any ready knowledge, that of Bismarck in Germany, it will be recalled was a contributory scheme. In other parts of the world the same is true. This is a proposal to have a pension paid without regard to any contribution being made by any party other than the state, and regardless of any consideration other than those of age and want, and, in fact, as the resolution reads it does not even include want.

Mr. WOODSWORTH: May I ask whether judges make any contribution to their pension, and whether that has a very serious effect upon them?

Mr. BENNETT: I am glad the hon. member has mentioned judges, for this reason: It is part of the contract by which men abandon large practices, from which they have been receiving large compensation, usually amounting to many times the salaries they are paid, that at the end of a given time they shall receive certain benefits by way of superannuation or pension. They make a contribution that is far greater than that. For instance in the legal profession there is a tradition which has prevailed for a long while in Great Britain, and I am sorry to say to a lesser extent in Canada, that the leaders of the

profession should not more than once refuse the request of the Lord Chancellor to abandon a highly lucrative practice and accept a small salary to serve in judicial positions, it being part of the contract between the state and the man who accepts a seat on the bench that he shall receive certain benefits at the expiration of fifteen years or upon the attainment of a given age.

If hon. members would look at law reports of recent date they would find that men have been appointed to the bench, at least one of whom I know was making not less than from $175,000 to $250,000 per annum and who is now receiving the sum of only $40,000, because he felt it was part of the great tradition of his profession and his duty to abandon his private practice for the purpose of rendering service to the state as a judge. Part of the contract was that without payment of any part of the premium he was to receive from the state a pension to the extent I have indicated. Of course that is not the rule in Canada to the same degree. Nevertheless in this country there are cases where men have abandoned lucrative positions, in which they have been receiving a very large annual compensation, to serve the state for a much smaller sum, on condition that in their old age, when they are no longer fit for service, they may receive the compensation I have mentioned. They have made a distinct contribution, a very distinct one, for the purpose of obtaining a pension.

Mr. WOODSWORTH: Would the right hon. gentleman not say that people who have worked hard and long in almost any walk of life have made a proper contribution? Is it not merely the contract that is absent, and would not the passing of legislation contemplated by the resolution constitute a contract through which, if they had worked faithfully, at the end of a certain period they would receive security in their old age?

Mr. BENNETT: I would answer the hon. member in this way: He contemplates their working faithfully, but under the working of the resolution there is no incentive to work faithfully or unfaithfully. All they have to do is to attain the age mentioned in the resolution, and they will get the money. That is the reason I suggest to the hon. member and to people within sound of my voice that the effect upon the national character of this country would be so apparent within at least the life of one generation as to make it extremely difficult to forecast the ultimate result.

Then, there is one other matter I should like to touch upon. I have heard several hon. members say that the age at which pension could be received should be sixty or sixty-five years, or something like that. One of the difficulties in connection with old age pensions has been this: It must be within the knowledge of everyone that fundamentally the question is one within the jurisdiction of the provinces, and that to overcome the difficulty of jurisdiction contributions are made by the dominion under the terms of agreements made between the dominion and the provinces. The pension is paid by the province, not by the dominion. It is amazing to hear some hon. members speak as though the pension were paid by the dominion. The pension is in fact paid and distributed by the provinces. They become responsible for all investigations preceding payment, and although the awarding of the pension is subject to investigation by federal authorities, it is an act of the provincial and not of the federal authorities.

Mr. DUNNING: It must be so.

Mr. BENNETT: The general view is that it must be, although I think there is some doubt as to that. The provinces were originally assisted to the extent of fifty per cent, and under the late administration the amount was increased to seventy-five per cent, and it would have been increased to the whole one hundred per cent if the financial position of the country would have warranted any such action being taken. The time has come, Mr. Speaker, when it is desirable in the interests of Canada that the government should give very careful consideration and attention to the question of a broad national pension system. I have very strong views upon the subject. I think such a system is feasible. It must be a system that is contributed to by every man who will seek the benefits of it. I would go further and say that if we are going to do anything to develop the character of our people, we should provide that in the event of such contribution not being made by any citizen, he would not have any claim upon the state for relief or other purposes under certain conditions that need not be gone into now because they are matters of detail. But the essential fact is that if we had a system based upon a broad national appreciation of our situation—and our numbers are only between ten and eleven million people—we would be able to provide against the contingencies to which attention has been directed this afternoon and yesterday. In Great Britain, with a population of forty

million, they deal with this problem in a national sense; also in Germany, with a population of many more than forty million, perhaps sixty million at least, they do the same.

Mr. MACKENZIE (Vancouver): Sixty-seven million.

Mr. BENNETT: Sixty-seven million, my hon. friend suggests. Germany deals with it in a national way, and the cost of administration has not become so great as to make it burdensome upon the people.

There is just one other thought that should be mentioned, and that is this: How to keep national pensions out of politics has been a matter that has engaged the attention of statesmen of older countries ever since these pensions were begun. There was an election conducted in one country upon the sole, simple issue whether the age for pensions should be reduced by five years; and without any regard for the actuarial facts, without any regard for the effect upon the finances of the country, the election was conducted on that issue. I am bound to say that there are always more people ready and willing to accept benefits than there are willing to pay for them, and the result was, of course, that the lower age carried, but unfortunately the finances did not warrant the providing of the money, and so for the moment they were not any better off than they were at the start.

I did not rise, Mr. Speaker, for the purpose of doing more than clarifying the situation to which reference has been made during the present debate. I appreciate the speech of the Minister of Finance (Mr. Dunning). I have been compelled myself to make such a speech and I recall that in the position which I then took I had not the support of those who then sat to the left of the Speaker. I found an entire unwillingness to appreciate conditions, and talk about human rights as against property rights could be heard reiterated and reiterated in this chamber by those who then sat to the left of the Speaker. Now it is some consolation to realize that those responsible for the formulation of government policy—

Mr. McIVOR: Might I say that my right hon. friend's remark does not apply to all those who now sit to the left of the Speaker.

Mr. BENNETT: Of course, I was referring to those who sat to the left of the Speaker from 1930 to 1935. So far as my memory serves me, the hon. gentleman was not one of them but I may be mistaken in that. At any rate I point that out only because it indicates how difficult it is in office always to be able to express just the views that were held in opposition. It shows the wide gulf that is fixed between a declaration of policy in opposition and a declaration of policy in office. It represents the difficulty that a minister finds in providing money for the purpose of meeting what seemed to be a simple matter before the responsibility had to be met. Of course the minister himself was not here in those years.

Mr. DUNNING: My memory of my right hon. friend goes back to the days when he stood where he stands now.

Mr. BENNETT: But the hon. gentleman was not here between 1930 and 1935; he was engaged in far more lucrative business. I have no doubt that he realizes, as I said the other day, how easy it is to suppose that all that is necessary to be done is to have the banks lend enough money and the country would be provided with sufficient assets to make any payments that might be required. There are not lacking those who would be perfectly willing to accept loans, and there are others who perhaps would not so willingly accept the benefits that accrue from the assets thus created.

There has been some little consolation in listening to the observations of the Minister of Finance, and I would suggest to the hon. member for North Winnipeg (Mr. Heaps) that having brought about this discussion, having found, as he said, that there are varying opinions, and this being a private member's resolution on which opinions have been expressed by members on all sides of the house, he might deem it well to afford the government an opportunity at least to consider its first budget before pressing to a division a resolution such as this. The government has not yet been able to present its budget to the house. We know not what its taxation proposals may be, and while such consideration was not extended to me, I do think in the light of my own experience, my own knowledge and my own unfortunate difficulties in dealing with these problems, it is not quite fair to ask the government immediately to introduce legislation granting an adequate retiring allowance to all citizens over sixty years of age. I ask my hon. friend whether he would regard that as just the sort of resolution he would like to have pointed at his head if he had just assumed office and had not yet been able to formulate his financial proposals for the year. He has brought about a discussion that I think has been useful, and that has indicated wide differences of opinions existing between members of the house on financial matters having nothing to do with pensions, and perhaps that has served his purpose.

In listening to the speech of the hon. member for Rosthern (Mr. Tucker), one could not but be impressed with the fact that his simple solution, if it be a solution, of this difficulty is one that should not leave us in difficulty very long. We should be able to create in the house a bank, and having created a bank we would then be able, by multiplying by nine the cash reserves, to pay for all services. I hardly think he analyzed the Macmillan report with that care which is essential for the purpose of arriving, shall I say, at a working theory with respect to these matters. I have heard all these doctrines propounded and I have read them, as I think most members of the house have. I quite disagree with the hon. gentleman's definition of credit. I think credit is merely the ability to borrow.

Mr. DUNNING: I am sorry that his is the usual interpretation nowadays.

Mr. BENNETT: Perhaps a more reasonable interpretation to put upon the word "credit" is that it is a man's ability to borrow because he has no use for credit except to the extent that he may borrow. That is obvious, is it not? I agree with the minister that every borrowing implies a repayment unless it be a perpetual annuity, and so far as I know we have not sold many of them in Canada. There are, for instance, outstanding in this country by both railway systems perpetual four per cent debenture stocks, the principal of which is never payable but the interest, of course, has to be met. Sharing the views of the minister with respect to credit in a large sense, I do say that it is not quite fair for hon. members to conclude that because a government is unable immediately to formulate legislation to do something we think desirable, therefore it prefers property rights to human rights. I have listened to that charge against myself and I am most sympathetic with the position the minister has to take this afternoon. Some of those who made these observations may now realize what they sounded like when they were directed against somebody else.

Mr. DUNNING: I never did that.

Mr. BENNETT: Far be it from me to accuse the hon. gentleman; he was too orthodox to do anything of that sort. At any rate, I again suggest to the hon. member for North Winnipeg that he should withdraw this motion, not because it might not be advantageous in a political sense to see supporters of the government vote against it, nor because I might feel that I should vote for a resolution embodying that principle, though not in those words, but rather because the purpose to be served is something higher than mere advantage for the moment. It is something nobler than the mere effort to secure a division or lack of unity or unanimity on the part of the house; and feeling as I do—

Mr. WOODSWORTH: I rise to a point of order. The leader of the opposition, it seems to me, is going altogether too far in imputing to members certain motives in bringing forward this resolution or in putting it to a vote.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BENNETT: I had about concluded what I desired to say at this time, except to point out that in addition to the objection that was made by the hon. member for Comox-Alberni (Mr. Neill) as to the resolution being in order, there is another point to which I had not expected that it would be necessary to direct attention, but in view of present indications I think it is desirable to do so. This resolution is not within the competence of parliament so far as giving effect to it is concerned. If adopted by parliament, it would be futile because it lies within the powers of the provinces in dealing with property and civil rights—a matter that must be known to most hon. members on this side of the house in view of the opinions that have been given from time to time by the law officers of the crown. I had not intended to raise that issue, but inasmuch as the discussion has assumed the character it has, I think it may be desirable to point that out.

The resolution consists of two preambles and a conclusion. Preamble number one relates to the unemployment situation. Preamble number two says:

> And whereas, it is desirable that as many as possible be absorbed into the useful industrial life of the dominion.

That is, the resolution by the preamble deals only with the industrial life of the country. The operative part reads as follows:

> That, in the opinion of this house, the government be requested to immediately introduce legislation granting adequate retiring allowances to all citizens over sixty years of age, thereby giving an opportunity to large numbers now unemployed to be reabsorbed into useful productive activity.

It will be observed that the government is requested by this resolution, if it is passed, to immediately introduce legislation. It is

an expression of the opinion of the house, not that the matter might be considered, but that the government should immediately introduce legislation. To immediately introduce legislation of the character indicated by the resolution would be to introduce legislation beyond the legislative competence of parliament, beyond its jurisdiction. Therefore I submit that the motion is out of order on that ground also.

Apart from that I desire briefly to point out contradictions between the preamble and the operative part of the motion, to which some reference has been made. It is desirable to absorb into the useful industrial life of the dominion as many as possible. To accomplish that end, allowances are to be granted to all citizens over sixty years of age; and the character of the retiring allowances is described as adequate. Adequate to what? Adequate to their present salaries, or compensation—to use the word I suggested this afternoon—or how otherwise? I do not know. But at any rate opportunity is to be given to large numbers now unemployed to be reabsorbed, not into industry, as pointed out in the first preamble, but into useful productive activity. I am not going to do more than say again what I said this afternoon, that if the resolution were to be adopted as it stands now the government would have either to introduce legislation or to resign. If it introduced legislation, that legislation would be futile, because it is beyond our legislative competence, and I think the rules of the house provide that parliament should not be asked to adopt a resolution that is beyond our power to pass. So far as that is concerned I will leave it at that.

There was one point, upon which I was interrupted this afternoon, that I should like to make clear. I pointed out that in my judgment this had to do with a large measure of social reform, and that whenever that measure is adopted by the house, as some day it will have to be, it will be along the lines I suggested, by contribution being made by all parties, the state, the employer and the employee in cases where the relationship of employer and employee exists, and by the state and the insured, if you will, or the annuitant, or the pensioner, if you may describe him as such, in other cases. But there will be a lag of those who cannot avail themselves of any such provision. The Chancellor of the Exchequer, when social legislation was being considered in England, pointed out that they have to make a yearly grant to take care of that situation, and that yearly grant represents the capitalized value of the enormous sum of 750,000,000 pounds sterling. That will give the house some conception of what is involved in a matter of this kind. From year to year in Great Britain the state finds the sum necessary to take care of that lag until such time as the fund created by the joint contribution of employer and employee with the aid of the state is sufficient to meet the demands that may be made upon it. I hesitate to do so, but in the event of your honour concluding that the resolution is in order I would suggest the following amendment. I move, seconded by the hon. member for Leeds (Mr. Stewart):—

That all words after the word "that" in the fifth line in the said resolution be deleted and the following substituted therefor:—

Whereas there exists in Canada an acute unemployment situation;

And whereas it is desirable that as many as possible be absorbed into the useful industrial life of the dominion;

Therefore be it resolved, that the government be requested to forthwith take appropriate measures for investigating, considering and determining the extent to which, under existing conditions, useful productive employment may be made available for the unemployed, if employed persons of the age of sixty and over are retired from their employment, and paid an annual pension or allowance during their lifetime, of such amount and on such terms and conditions as may be determined.

That would enable the government, if it thought desirable, to refer this matter to a committee of this house for investigation or inquiry or to take other means that may be thought desirable to that end. I move this amendment with some hesitancy, and I move it only in the event of your honour concluding that the motion is in order.

Mr. DUNNING: Does the right hon. gentleman move the amendment if the motion is in order?

Mr. BENNETT: Yes, that is all.

Mr. SPEAKER: Before six o'clock the point of order was raised by the hon. member for Comox-Alberni (Mr. Neill) as to whether this resolution was in order. At that time, it may be, I was under the impression that because the debate had been going on for two days the motion before the house was in order and that it was only a suggestion that was made to the government to decide whether it should be taken up or not. Now the point has been raised by the member for Comox-Alberni that the motion is not in order, and the right hon. leader of the opposition stated that he himself thought it was not in order. I have reconsidered the decision I rendered before six o'clock. I find in Beauchesne's

Parliamentary Rules and Forms, at page 167, under paragraph 562, that—

> It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended to that house by message of the Governor General in the session in which such vote, resolution, address or bill is proposed.

I have therefore come to the conclusion that this resolution appears to be one which, if it was to be properly introduced, should have been proposed by resolution assented to by the Governor General, and I think accordingly the resolution is out of order.

Mr. WOODSWORTH: May I point out that it is only a short time ago since you gave a decision—

Mr. SPEAKER: I did.

Mr. WOODSWORTH: —in favor of its being in order? There was no appeal taken against your decision.

An hon. MEMBER: Yes, there was.

Mr. WOODSWORTH: That decision stands. I think it is an unheard of thing in the house that the Speaker, merely on the suggestion of a very highly placed member, should reverse a decision once given. We have had no opportunity whatever of arguing the point of order. I would point out, that, according to Beauchesne's Parliamentary Rules and Forms, in paragraph 558:

> Motions advocating public expenditure, or the imposition of a charge, if the motion be framed in sufficiently abstract or general terms, can be entertained, and agreed to by the house. Resolutions of this nature are permissible because, having no operative effect, no grant is made or burthen imposed by their adoption.

This is a rule which, ever since I have been in parliament, has been observed in matters of this kind. When any specific question or motion involving a grant has come up, of course it has naturally been ruled out of order, but it has been the practice for many years in this chamber for members to make suggestions as to changes in policy, or the adoption of new policies by governments. There is practically no sort of policy which can be thought of which does not directly or indirectly involve some expenditure of funds, and so in these motions we have been particularly careful not to place the burden directly upon the government, but rather to express an opinion of the house. The resolution is so framed that it is merely an expression of opinion by the house. Of course it will not be passed, with the government having so large a majority, but if it were passed it would not be obligatory upon the government. Again and again we have had instances where much more specific resolutions have been put before the house, and adopted thereby.

In the present instance it is an extraordinary procedure, I submit, when Mr. Speaker, without having had any appeal against his decision, but simply on the suggestion of a member, should completely reverse that decision, and before having declared his reversal of it, give no opportunity whatever for an argument on the point of order. I would rather appeal to the Prime Minister (Mr. Mackenzie King) that it is a serious matter if we are not going to know when we are in order or not in order, and if decisions can so readily be reversed.

As I have been trying to emphasize, the government does not have to carry out the terms of the resolution. I can look back over dozens of resolutions put forward in these very terms, as requests to the government, and those resolutions have been accepted. We have been here two days debating the resolution, and when one member confessedly states he does not want to face the vote then, forsooth, we have to have the decision of the Speaker reversed. I protest against this.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I agree with the hon. member who has just taken his seat in regarding as a serious matter whether or not motions before us are in order, particularly when a question of order arises out of the very consideration I brought to the attention of the house only a day or two ago when speaking on the first of these resolutions. I was careful to say to hon. members that while the government would welcome the fullest possible discussion of all private members motions, it was important hon. members should note that any motions which involved the placing of a charge on the treasury or the expenditure of public money, or which involved immediate action would not be motions which were in order unless recommended by the crown and preceded by consideration in committee of ways and means. I hoped by making those observations to the house at the time they were made that hon. members would be particularly careful to observe the precise wording of motions which might be brought up for discussion. The hon. member who has just taken his seat has quoted a citation from Beauchesne's Parliamentary Rules and Forms, section 558, bearing on standing order No. 60 as follows:

> Motions advocating public expenditure, or the imposition of a charge, if the motion be framed in sufficiently abstract or general terms can be entertained and agreed to by the house.

This motion is not in sufficiently abstract or general terms. It is a very concrete motion, and in very definite terms. The operative part of the motion states:

That in the opinion of this house the government be requested to immediately introduce legislation granting adequate retiring allowances,—

And so on. That is not general; it is specific.

Mr. HEAPS: May I point out that we have had similar resolutions couched in the same words, previously.

Mr. MACKENZIE KING: Not as specific as that. We have had resolutions which have asked the government to consider the advisability of doing certain things, and those resolutions have not been questioned. Often I think a degree of latitude which was questionable has been permitted. Certainly, however, so far as the present government is concerned, there would be every desire to allow the fullest latitude in the discussion of general motions. But when a motion is as concrete and specific as this one I submit that the citation which the hon. member for North Winnipeg has just quoted makes it as clear as possible that as worded the motion is out of order.

Let me go a step farther.

Resolutions of this nature are permissible because, having no operative effect, no grant is made or burthen imposed by their adoption.

The words are "no operative effect." Will hon. members say that a motion stating that the government should "immediately introduce legislation" is a motion which if carried does not place upon the government an obligation?

Mr. WOODSWORTH: May I point out that there is merely a suggestion that "the government be requested" to do this; it is a request.

Mr. BENNETT: But the house makes it an order.

Mr. MACKENZIE KING: If the resolution carried it would be an order of the house. If it carries it is a demand on the part of the house to the government immediately to introduce legislation which will provide adequate retiring allowances to all citizens over sixty years of age. One has only to repeat what the hon. member for Winnipeg has said to make it clear that the ruling of His Honour the Speaker which has been given after consideration is sound in every particular.

I was not in the chamber before the dinner hour, but if I am correctly informed the hon. member for Comox-Alberni (Mr. Neill) did raise the question of the motion not being in order and did indicate that if any immediate ruling were given declaring it to be in order he would wish to appeal.

Mr. WOODSWORTH: But a ruling was given. My point is that a ruling was given, and without any appeal made at the time—with no definite appeal against that ruling—we have a reversal of the decision.

Mr. MACKENZIE KING: I repeat that I was not in the house but I gather from hon. members who were here that Mr. Speaker's decision was qualified, and that the hon. member for Comox-Alberni had it in his mind to appeal, if necessary. However as one of the older members of the house, my hon. friend knows it is customary for Speakers carefully to consider decisions when the house is not in session, and to give to the house the benefit of their mature thought immediately after it has assembled.

Mr. WOODSWORTH: But Mr. Speaker made no attempt to reserve a decision; he gave it immediately.

Mr. MACKENZE KING: His Honour the Speaker has given his decision now, and I submit the house ought to support the Speaker in the decision he has given. If not, should they so desire, let hon. members appeal from the Speaker's ruling, as it is now given and let us vote upon it. I should add that the Speaker's ruling is not debatable.

Mr. HEAPS: I think this discussion is somewhat out of order, but as some latitude has been allowed other hon. members I would crave the same indulgence.

Mr. WOODSWORTH: Mr. Speaker, I think we have not settled this point of order. If Mr. Speaker persists in maintaining his position, then I appeal against his ruling.

Mr. MACKENZIE KING: That is all the hon. member can do.

Mr. MACKENZIE (Vancouver): He cannot discuss it.

Mr. HEAPS: All I am saying is that other hon. members having been allowed a little latitude, I think I ought to be allowed to quote one or two precedents where resolutions have been brought before us in other years and have been accepted by the government, upon which occasions no objections were raised from any quarter of the house.

Mr. MACKENZIE KING: Order.

Mr. HEAPS: I shall refer to one resolution which occurred to me—

Mr. MACKENZIE (Vancouver): I rise to a point of order. The hon. member for Winnipeg North Centre (Mr. Woodsworth) has appealed against the ruling of the chair and with all due deference I submit there can be no further discussion.

Mr. HEAPS: May I point out—

Some hon. MEMBERS: Order.

Mr. HEAPS: I was pointing out—

Mr. SPEAKER: Order.

An hon. MEMBER: Put the question.

The house divided on the question: Shall the ruling of the chair be sustained? And the ruling was sustained on the following division:

YEAS

Messrs:

Anderson
Barry
Beaubien
Beaubier
Bennett
Bertrand (Prescott)
Betts
Black (Châteauguay-Huntingdon)
Blair
Blais
Bouchard
Boulanger
Brooks
Brown
Cameron (Cape Breton North-Victoria)
Campbell
Casselman
Chevrier (Stormont)
Church
Clark (York-Sunbury)
Clarke (Rosedale)
Cleaver
Cochrane
Crerar
Crète
Davidson
Deachman
Denis
Deslauriers
Donnelly
Dubois
Dubuc
Duff
Duffus
Dunning
Dupuis
Dussault
Edwards
Elliott (Middlesex West)
Emmerson
Esling
Euler
Evans
Factor
Fafard
Ferguson
Ferland
Finn
Fiset, Sir Eugène
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Fraser
Furniss
Gardiner
Gariépy
Girouard
Gladstone
Glen
Golding
Goulet
Grant
Gray
Graydon
Green
Hanson
Hill
Howden
Howe
Hyndman
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Lacroix (Beauce)
Lapointe (Matapedia-Matane)
Leader
Leclerc
Lennard
Little
Lockhart
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
MacLennan
MacMillan
MacNicol
McCann
McCuaig
McCulloch
McDonald (Souris)
McDonald (Pontiac)
McGregor
McIntosh
McIvor
McKay
McKenzie (Lambton Kent)
McKinnon (Kenora-Rainy River)
McLarty
McLean (Simcoe East)
McLean (Melfort)
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
Mallette
Martin
Massey
Maybank
Michaud
Mills
Motherwell
Mulock
Neill
Patterson
Perley (Qu'Appelle)
Plunkett
Pottier
Power
Purdy
Reid
Rennie
Rhéaume
Rickard
Rinfret
Roberge
Rogers
Ross (Middlesex East)
Ross (Moose Jaw)
Rowe (Dufferin-Simcoe)
Ryan
St-Père
Sanderson
Senn
Sinclair
Slaght
Spence
Stewart
Stirling
Streight
Taylor (Norfolk)
Telford
Thompson
Tremblay
Tucker
Turgeon
Turner
Tustin
Veniot
Ward
Weir
White
Wilton
Winkler
Wood
Young—158.

NAYS

Messrs:

Blackmore
Coldwell
Douglas
Elliott (Kindersley)
Fair
Hall
Hansell
Hayhurst
Heaps
Johnston (Bow River)
Kuhl
Landeryou
MacInnis
MacNeil
Marshall
Mitchell
Needham
Pelletier
Poole
Quelch
Taylor (Nanaimo)
Woodsworth—22.

RAILWAY ACT AMENDMENT

The house resumed from Tuesday, February 18, consideration of the motion of Mr. Reid for the second reading of Bill No. 2, to amend the Railway Act (rates on grain).

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, when the debate was adjourned the other evening I had nearly finished. However, like my right hon. friend the leader of the opposition (Mr. Bennett), when I get a little time something more always comes to light. We in this corner appreciate the tribute that has been paid to you, Mr. Speaker, this evening. We have been wondering why we were placed to the left of the Speaker, unless it is because we have here a better opportunity to get inspiration than have those on the other side of the house.

After having listened to the oratory in this chamber, for my own sake I quote again the words of Thomas Carlyle, who said:

A wise old owl lived in an oak;
The more he saw the less he spoke;
The less he spoke the more he heard:
Why can't we all be like that bird?

In order fully to understand freight rates, and to speak with authority, an ordinary member would need much time and considerable data. The only reason I am supporting the hon. member for New Westminster (Mr. Reid) is that I want to see fair play, and if that is granted Fort William and Port Arthur will get their fair share of it.

Mr. J. G. ROSS (Moose Jaw): Mr. Speaker, I desire to say only a word or two to-night in connection with this bill, which I think is very important to hon. members from British Columbia, Alberta, Saskatchewan and Manitoba. There are many members of the house who did not expect this bill to come up this evening; most of them thought it would not be reached until Friday evening at least, and I know one or two who wish to speak to the bill. Therefore I would move the adjournment of the debate.

Motion agreed to and debate adjourned.

STEAM TRAWLERS

On the motion of Mr. Kinley:

For a copy of all orders in council passed since the 1st of January, 1929, dealing with or referring to otter or steam trawlers.

Also a copy of all correspondence, telegrams and other documents, passing during the same period, to or from any minister of the crown or other officials and corporations or persons with respect to steam trawlers.

Hon. J. E. MICHAUD (Minister of Fisheries): Mr. Speaker, there is no objection to the first paragraph of the motion, but the hon. member may not have realized the expenditure of time and effort that it would take to comply with the terms of the second paragraph. I am informed that it would involve perusing twenty-four volumes of files and copying 2,500 pages of correspondence. So I would suggest that perhaps the hon. member would consent to the motion being amended to delete the second paragraph, and the files of the department will be available to him for whatever information he may desire that is asked for in the second paragraph.

Mr. KINLEY: Mr. Speaker, this is rather an important matter. I realized when I put the motion on the order paper that it would entail quite a bit of work, but at the same time it is a matter of public concern, and of importance to a large class of people, However, in view of the minister's suggestion I ask the permission of the house to delete the second paragraph of my motion.

Motion as amended agreed to.

FREIGHT RATES ON GRAIN

On the motion of Mr. Perley (Qu'Appelle):

That, in the opinion of this house, the domestic freight rate on grain and grain products moving from any point in the provinces of Manitoba, Saskatchewan, Alberta, and British Columbia, to a point in any of the said provinces, or from any point, to another point, in any of the said provinces, be adjusted or reduced to at least not more than three cents per hundred pounds over the existing export rates.

Mr. POWER: Mr. Speaker, on a point of order may I suggest that this resolution is very much in the same terms as the bill which was called a few moments ago.

Mr. SPEAKER: I was just going to draw the attention of the house to the fact that this resolution is in somewhat similar terms to the bill, the discussion of which was suspended a few moments ago. In my humble opinion discussion of this motion cannot take place before discussion on the bill has been completed. I would say that the bill has precedence and that we cannot have discussion of this resolution of the hon. member for Qu'Appelle. I would quote Campion's Introduction to The Procedure of the House of Commons, page 152, where I find this under the heading Anticipation of Debate:

The anticipation rule, which forbids discussion on a matter standing on the paper being forestalled, is dependent on the same principle as that which forbids the same question being twice raised in the same session. In applying the anticipation rule preference is given to the discussion which leads to the most effective result, and this has established a descending scale of values for discussions—bills, motions, amendments, et cetera. Thus a bill or other order of the day must not be anticipated by (or more shortly "blocks") discussion of a motion, amendment, or subject raised on another motion, such as that for the adjournment of the house. A motion standing on the paper for leave to bring in a bill blocks discussion of a motion (except for the presentation of a bill), amendments, et cetera.

In my opinion the discussion on the bill that has been introduced by the hon. member for New Westminster (Mr. Reid) anticipates this resolution, and the resolution cannot therefore, in my opinion, be made the subject of discussion.

Mr. BENNETT: Mr. Speaker, it is usual for opportunity to be given for discussion of

a point of order before the chair rules upon it. By a singular coincidence I was looking up May on the question of anticipation about another matter when you called this order.

If your honour will look at the bill and at the resolution you will see that they are entirely different. It may be that in both cases arguments may be used that are somewhat similar. The bill proposes to amend the Railway Act by striking out the proviso to subsection 5 of section 325 and substituting therefor the following:

Provided that, notwithstanding anything in this subsection contained, rates on grain and flour shall be governed by the provisions of the agreement made pursuant to chapter five of the statutes of Canada, 1897—

That is the Crowsnest pass agreement, which this resolution does not touch at all:

—but such rates shall apply to all such traffic moving from all points on all lines of railway west of Fort William to Fort William or Port Arthur, and to all such traffic moving westwardly from Fort William, and from all points on all lines of railway west of Fort William, to Vancouver, British Columbia and to ports on the Pacific coast, over all lines now or hereafter constructed by any company subject to the jurisditcion of parliament.

In other words, if your honour will do me the kindness to look at the proposed amendment to the Railway Act you will find that it does not touch the question in the resolution of the hon. member for Qu'Appelle (Mr. Perley) at all, for he proposes that the rates shall be adjusted or reduced to at least not more than three cents per hundred pounds over existing export rates. There cannot be any similarity between these two things.

I dislike raising an issue on this question except to point out to your honour that it is usual for hon. members to direct attention to the rules with respect to points of order of this character. The rule with respect to anticipation might be raised against the bill because the bill is anticipated by a motion, but this motion deals with something entirely different, and it cannot possibly be said to be governed by the rule with respect to anticipation because this is not anticipation; this is after the event and could not under any circumstances be made a part of the bill. I point this out to your honour only because I am anxious to assist rather than to do otherwise in regard to the conduct of public business. On looking at the section of the bill and the resolution I am sure that your honour will observe that one is not in any sense a duplication of the other. I think what might be done, in view of what has been done, would be to permit the motion to stand on the order paper without losing its position, if that is agreeable to the hon. member for Qu'Appelle, for it is quite clear that the two things are not similar.

Mr. PERLEY (Qu'Appelle): Mr. Speaker, I certainly think the point is well taken by the right hon. leader of the opposition, and I am willing to allow the motion to stand without losing its position on the order paper.

Mr. POWER: The point of order having been raised, and having listened to the observations of the right hon. leader of the opposition, although I am not quite prepared to agree with him in every respect, I am willing to admit that the point raised by him is well worthy of the consideration of the Speaker and the postponement of any decision by the chair. Under the circumstances, if the house consents, I would suggest that we allow the order to stand without losing its position on the order paper.

Motion stands.

CANADIAN CITIZENSHIP

MOTION TO EXCLUDE FROM CANADA CERTAIN CLASSES OF IMMIGRANTS

Mr. ANGUS MacINNIS (Vancouver East) moved:

Whereas it is detrimental to the best interests of Canada that there should be in the country groups to whom, because of race or religious beliefs, we do not extend all the right of citizenship;

Therefore be it resolved, that, in the opinion of this house, the government should take the necessary measures to exclude from the country all persons belonging to those groups to whom we do not grant the full rights and privileges of citizenship.

He said: In the uncertainties of the situation I rather hesitate to get up for fear I may find that I am not in order even with this resolution, though I think it is a matter that has been discussed in the house on other occasions. But in spite of that discussion the problem remains pretty much the same. I can assure the house that I gave the whole subject a great deal of thought before putting the motion on the order paper, because I am convinced that it is one that should be considered and it is much better that it should be discussed on the floor of the house where we can, I hope, give it that impartial and serious consideration which we could not do in the heat of an election, on the hustings where passions and prejudices can be brought into play.

The resolution asks parliament to take immediate measures to exclude from the country persons to whom, because of race

or religion, we do not extend all the rights and privileges of citizenship. I realize that even if this were done it would not meet the situation that exists in British Columbia, with which I will try to deal to-night. Of course, when I speak of persons to whom we refuse to extend the rights and privilèges of citizenship, asking that they be excluded from the country, I refer to such persons as come here to stay permanently; the resolution does not refer to persons who may come into the country for a stated time.

In British Columbia, unfortunately, there are persons who are deprived of citizenship rights because of racial origin and religious beliefs. In the Franchise Act of 1934 the Doukhobors in British Columbia were deprived of one of the ordinary rights of citizenship, the right to vote. They were denied that right in British Columbia although they still have it in all the other provinces. I do not however wish to deal to-night with the Doukhobor situation, the present government, when in opposition, took a very decided stand, and in my opinion rightly so, against the disfranchisement of Doukhobors in British Columbia, and it is only reasonable to suppose that that discrimination will be removed from the Franchise Act when it comes up for amendment, as I assume it will before the next general election takes place. There are however in British Columbia other racial groups who are in the same position as are the Doukhobors in regard to the rights of citizenship. I do not know what the attitude of the government would be with respect to those groups, but I do know the attitude of some of its supporters. I refer now to persons of oriental origin, Japanese, Chinese and British subjects from India. These people are not allowed to vote in British Columbia, and they are debarred from other rights and privileges because they have not the right of the franchise. I may refer more specifically later on to these other deprivations.

If the number affected by this discrimination were insignificant, if there were only very few of them, I realize that the moral aspect of the matter would be the same; but the practical consequences would not be so important. I think it is unfortunate that this oriental question affects British Columbia more than it does the other provinces. I believe it would be correct to say that the other provinces have no oriental problem; yet the other provinces, through their representation in the house, cannot avoid responsibility for the situation that now exists in British Columbia.

[Mr. MacInnis.]

Before I put the case as I see it, I think it would be well to give the house an idea of the situation in that province by indicating the extent of the oriental population. I will deal first with the Chinese. The number of Chinese in the province at the time of the census in 1931 was 27,139; that was not in the dominion as a whole but in British Columbia alone. Now there is an assumption, which has been very assiduously spread, that this population is growing rapidly. So far as the Chinese are concerned, that is not true. According to the statistics I have received from the bureau of statistics the number of Chinese births since 1931 to the end of 1934 was 488. The number of deaths in the same period was 693, and there has been no Chinese immigration, that is, at least no legal entry of Chinese during the last few years. We can see that the Chinese population is decreasing rather than increasing. The natural decrease for the period I have mentioned would be about 200, and I am told that there are quite a number of adult Chinese who have returned to their native land during the period. There are however no accurate statistics with regard to this category.

When we take the Japanese into consideration the situation is different; the population is growing. And it is for that reason that I say that even though those who are now coming in by immigration were excluded, as I am asking to have done, the Japanese population would continue to grow. I come now to the figures showing the number and the growth of the Japanese population in the province at the present time. According to the census of 1931, there were 22,205 Japanese in British Columbia. Births from the time of the census to the end of 1934 numbered 2,341. There was an increase by immigration during that period of 618, and the number of deaths in the same period was 503. Deduct the number of deaths from the number of births, and add the increase by immigration, and we find that the Japanese population of British Columbia is larger now by 2,456 than it was at the time the census was taken in 1931. The rate of natural increase, however, is declining. The number of births has been decreasing each year from 1929, as shown by the years for which I have statistics, until 1934. The number of births in 1929 was 842; in 1934 the number was 614. As I have pointed out, however, there has been a substantial increase in the population during the three and a half years for which I have given the figures.

The statement was made by one of the Liberal candidates in order to frighten the people of British Columbia that in 28 years the oriental population of that province would be greater than the white population. If that is correct, the situation with which I am dealing is even more serious than I believe it to be. We are adding yearly to the population of Canada by natural increase about 650 Canadian-born children who under present circumstances can never become Canadian citizens. That is true not only of children now born; it is true of those children's children for generations unless we deal with the matter in a better and, I would say, a more British way than we have dealt with it so far. I would quote from a speech made to the house by the present Minister of National Defence (Mr. Mackenzie) on June 30, 1934. He was speaking against the exclusion of Doukhobors from the franchise in the present Franchise Act. I am quoting the present Minister of National Defence because I agree with what he said at that time. I believe the stand that he took on that occasion was the right one. This is what he said, as reported in Hansard of that year at page 4530:

> The province of British Columbia has punished these men and properly so but it is a pernicious, vicious and iniquitous principle to single out any race by name in any legislation of this country and to deprive them of the franchise because this will affect not only the people there to-day but their descendants to the third and fourth generation.... But here we are to-day as a parliament representing all free peoples within this country, saying that any man because he is a Doukobor is absolutely deprived of the franchise and his sons and daughters and their descendants unto untold generations are also to be disfranchised. That is the most Tory measure I ever heard of in any parliament.

It was pointed out that the reason these Doukhobors were to be deprived of their franchise was that they would not observe the laws of this country. If it is a pernicious, vicious and iniquitous principle to deprive the law-defying Doukhobor of the franchise, how much more so is it so with regard to the law-abiding oriental?

I have a number of other statistics with regard to the Japanese population. Those statistics, however, are taken from a private source; I wish to make that clear. They have been gathered by a survey made by a number of university students of Japanese origin in the province of British Columbia. There are approximately 24,000 Japanese in British Columbia at the present time. Over 11,000 of them are Canadian-born and are consequently in my opinion Canadian citizens, and 135 of those are Canadian-born children of Canadian-born parents. It is also shown by this survey that 3,685 Japanese were attending educational institutions, most of them being in the public schools of the province. It should also be noted that, of the Canadian-born Japanese of ten years and over, 41½ per cent read English only. Even if it were possible, which in my opinion it is not, to return these people to the land of their origin, they would be as much out of place there as if they were Canadian-born children of white parents. Forty-four per cent can read English and Japanese, and 14·3 per cent read Japanese only. From the same survey it appears that only 0·2 per cent of Canadian-born Japanese of ten years and over are illiterate. It would seem that according to these figures literacy among the Japanese in British Columbia is very high indeed. I have given the house those statistics in order that we might have, as far as population can show, a picture of the situation that exists in my province.

Mr. WOOD: Would the hon. member be prepared to include Canadian Indians in his proposal? They are law-abiding citizens.

Mr. MacINNIS: Canadian Indians, I believe, come under another classification. I do not think there is any discrimination as regards Canadian Indians when they become citizens within the proper meaning of that term. So long as they are wards of the government I understand that they are not allowed the franchise, but if they leave the reserve I think the franchise is granted to them in the same way as to any other Canadian citizen. I think those are the regulations, if you like to call them such, with regard to Indians. However, I have no objection to including them in this.

Mr. WOOD: May I ask another question then. If my hon. friend classifies Indians as wards of the government, how about those people we are keeping on relief? Are they not also wards of the government? Would he also disfranchise them?

Mr. MacINNIS: That is not germane to the point under discussion. The Franchise Act of 1934 specifically allowed those who were receiving relief to vote, though they might otherwise have been excluded from the franchise. I agree with the principle, and if I had my way I would extend it much further. However it is not germane to the question I am discussing.

The question may very properly be asked, I believe, as to the way in which this

relatively small racial group constitutes a problem that should be discussed in the house. That question can be answered definitely and clearly by saying that these people, citizens of Canada, are deprived of the right to vote, and that they are thus segregated from the rest of the population of British Columbia. They feel that they are in an inferior position; they feel that they should not be placed in this position, as intellectually and in every other way they are the equal of other races or national groups. Recent history has given ample proof of the dangers of discriminating against racial minorities. Canada has prided itself on the fact that there is no racial discrimination in this country. I am told, and I think I saw it somewhere in the press, that our representative at Geneva—and if my memory serves me aright it was the government leader in the other house—recently said that in Canada we had no racial problems. I am afraid that before making that statement the hon. gentleman did not see the advertisements of the Liberal party in British Columbia during the recent campaign; I am afraid he did not listen to some of the radio broadcasts dealing with racial problems in that province. I am quite satisfied that if he had done so he would not have made the statement he is supposed to have made. I believe the Prime Minister (Mr. Mackenzie King) is anxious to promote friendly relations between this country and the rest of the world and also that he is anxious that we should not have racial prejudices and racial antagonisms created within this country. For that reason I wish him to note the advertisement to which I am going to refer now, and which appeared in Vancouver newspapers during the last federal campaign. This advertisement appeared in the Vancouver Province of October 7, and it states at the bottom of the page that it is published by the Vancouver Liberal council executive committee. At the top in black type one inch deep or perhaps more it says:

50,000 Orientals in British Columbia

C.C.F. stands pledged to give them the vote. The Liberal party is opposed to giving these orientals the vote. Where will you stand on election day?

The deciding issue in British Columbia was your attitude towards the orientals, whether or not you were going to give them the vote. I should like to impress upon the Prime Minister that it was stated as the policy of the Liberal party that they were opposed to giving the vote to orientals, that they were opposed to giving the vote to these British subjects, these Canadian citizens, because of the colour of their skin. Then they go on:

A vote for any C.C.F. candidate is a vote to give the Chinaman and Japanese the same voting right that you have! A vote for a Liberal candidate is a vote against oriental enfranchisement.

When the Japanese were members of the League of Nations did not they and the Chinese have in that body the same voting right that any other nation possessed? That was in the League of Nations, the greatest body of its kind this world has ever known. There they stood, the equals of all the other nations in the world, yet the Liberal party in British Columbia felt the need of securing votes so desperately that they had to appeal to low racial prejudices of that kind in order to secure election. I think that is a most unworthy motive. I am sure that there was enough, even if I do not agree with it, in the platform of the Liberal party to secure their election without making appeals of this kind. I wish to suggest to the Prime Minister that at some future time this sort of thing may create a very serious situation in Canada. As I have already pointed out, the oriental population is growing. They are an intellectual, proud people and they will not tolerate reflections of this kind without a protest.

This advertisement is flanked on either side by pictures of the six Liberal candidates in greater Vancouver. Here we have the picture of the Minister of National Defence (Mr. Mackenzie). There is a short biography under each picture. I am not going to take the time of the house to read them, except to note that the Minister of National Defence is said to be a national figure and the right bower of the Prime Minister. I am sorry that the right bower of the Prime Minister had to stoop to something like this in order to secure election. Then there is the hon. member for Vancouver-Burrard (Mr. McGeer), the Liberal candidate for Vancouver East and the Liberal candidate for Vancouver South, who has since been made a judge. I am just wondering what may happen if he has to deal with matters concerning both whites and orientals. Here is the picture of the Liberal candidate for Vancouver North, and the picture of the Liberal member for New Westminster (Mr. Reid). In another advertisement directly below we find the picture of the Minister of National Defence again, along with that of an assistant speaker, Mrs. Nellie McClung, the noted author. I understand, however, that Mrs. McClung did not help their election, at least as far as this

slogan was concerned, because she put herself on record as being in favour of extending the vote to orientals. I am sure that is very much to her credit.

I could show the house other advertisements of a similar kind. The whole issue was: where will you stand on election day? The determining factor was the stand on the oriental question. Of itself that would not be quite so bad. But it was not left at that. I have in my hand now a radio address delivered on October 4 by a man named J. Edward Sears, barrister at law, which was published by the Vancouver East Liberal campaign committee. Let me quote from this. Do hon. members who are living side by side with other races in eastern Canada, French and English, think this is likely to promote racial accord in British Columbia?

Maybe you have asked yourself, Why has the C.C.F. promised votes to the orientals? It certainly did not emanate from the ordinary white citizen of the province.

The Cooperative Commonwealth Federation members apparently are not ordinary white citizens.

Is it love of country that has prompted such a promise? Is it personal love for the oriental that has caused the promise of the gift of the franchise? Or is it because the orientals have paid for the promise of such a gift from the C.C.F.? That is the question that I dare the C.C.F. leaders to answer.

I did not think the franchise was a gift; I thought for British subjects and Canadian citizens it was a right, and consequently people did not have to pay in order to get it. Then comes one of the filthiest things to which anyone could possibly stoop. It goes on to say:

White girls procured for orientals.

You mothers of young girls, wake up, when some one asks you to vote for a C.C.F. candidate in this election. Look behind the solicitor for a C.C.F. candidate and you will see an oriental leering over his shoulder with an eye on you and your daughter. Remember the terrible evidence that came out during the trial of the men of foreign extraction a few months ago, who procured and drugged innocent young girls and forced them into a life of shame.

Can hon. members imagine a great party stooping to a thing like that? It is true that trials were held and certain people were convicted and sent to the penitentiary. But they were not orientals; they were other Canadian citizens of foreign extraction who have the rights of citizenship. And in any event what did we do in this country? We brought thousands of Chinese men here; we kept them here; we did not permit their wives and families to come with them, and we should have known that Canadian women and girls would have to pay for an immoral act of that kind. Now it is time that something should be done to rectify such a situation, but surely the way to do it is not to make these low appeals to racial prejudice.

May I also point out that the Cooperative Commonwealth Federation is not the only organization in British Columbia that has gone on record in favour of giving the vote to orientals. The United Church of Canada in British Columbia has gone on record to the same effect. I wonder whether those members of the Liberal party when they went to their churches on Sunday and the minister preached to them, would see an oriental leering over his shoulder with an eye on their wives and daughters. I wonder! I quote again from this thing, although I am sure I have quoted enough:

Mr. Woodsworth, the leader of the C.C.F. party in Canada, had the effrontery and heathenism to announce in the Canadian parliament on the 22nd day of June last year that it was the policy of the C.C.F. party to grant the franchise to the orientals of this province and he gloried in it.

Well, he will be glad to find that at least he is in good company as far as his heathenism is concerned, because he is here associated with the United Church of Canada, and also with the Women's Christian Temperance Union, some more heathens I suppose!

Here is another one, very typically Liberal I believe:

C.C.F. would have orientals elect candidates.

I want you to stop and think what might happen in a few years if the oriental is given the vote. Maybe you want a small concession from the government, a job, or a small contract of some kind, or a piece of land—

How typically Liberal!

—or to have your child given a little special attention at school. It is necessary to make a trip to Victoria and see the minister directly concerned. You go into his office in the parliament buildings and you see three or four orientals in the anteroom waiting. Finally you are ushered into the presence of the minister and find yourself gazing into the eyes of a yellow man. You state your business and are then politely told that the others waiting in the outer office are also asking for the same concession. What would be your chance of obtaining any help?

I will not quote any more from the vile thing. But that is what we have to contend with in British Columbia. I think I have shown sufficiently where we are heading if this appeal to race prejudice is going to continue. We know how easily clashes can be brought about by such appeals. As I have already pointed out, the oriental population in British Columbia will keep on increasing for a considerable number of years. As I have also

pointed out, the orientals are an intelligent and proud people and they will not forever put up with vilification and abuse of the kind I have just read.

What I would like to put to the Prime Minister (Mr. Mackenzie King) is this: First, I ask that the agreement between the Canadian government and the government of Japan by which a certain number of Japanese come to this country each year should be terminated at the earliest possible date. If the Japanese cannot be given full rights of citizenship in this country then we certainly should not allow any more of them to come into Canada. We also should take steps to return to the land of their origin as many as possible of those who are here. But this in itself would not be a solution of the problem. The orientals are in our midst; why they are here, who brought them here I am not going to discuss to-night. The important point is that they are here, and as far as I can see they are here to stay. It would be very much more to the point, now that they are here, to do everything possible to make them good and loyal citizens, having pride in our institutions, than because of their colour to try to create race prejudice against them in the minds of the ignorant.

Speaking recently to the advertising bureau, I think it was, of the board of trade of Vancouver, Professor Angus of the university of British Columbia made this statement. He had pointed out that there was no possible practical alternative, so far as our oriental population was concerned, to giving them the franchise. Then he said:

> It is the best thing to do from the selfish interests of us who are not oriental. We have to live with them, and it is much better to live with good citizens than bad citizens.

Some little time ago I was talking to a principal of one of the Vancouver schools at which there is an attendance of children of, as he told me, twenty-eight different races. He stated that there was no difficulty whatever, so far as racial grounds were concerned. The children played together; they worked together and so far as he could see race made no difference. My home in Vancouver is near one of the Vancouver high schools, and any day one can walk along the street and see Japanese girls accompanied by white girls, or Chinese girls and white girls walking arm in arm along the sidewalk. The same is true of the university.

Quite recently a farmer from the Fraser valley came to my home to talk over with me the necessity for the exclusion of orientals. During the interview he made this amazing statement: "It is not the vices of the orientals to which we object; it is their virtues." By a proper approach to this question I believe the government of Canada could turn the virtues of our oriental citizens to good account, and I implore the Prime Minister, in whose sincerity on questions of this kind I have the greatest trust, to try to find some way of dealing with the matter. I am not asking that at the moment the franchise be extended to orientals, but I am asking that if it is not extended some other solution of the problem be found.

With the statement of Professor Angus I am in complete accord. As these orientals are in Canada I think it is much better that we try to make good citizens of them because it is better to live with good citizens than with bad. I believe the time at my disposal has expired. I trust that any hon. member speaking on the resolution will endeavour to see the situation as it affects British Columbia. This matter does not affect other provinces to the same extent, but I believe it cannot be settled without the assistance of the dominion as a whole.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I have been following with great care the remarks of the hon. member for Vancouver East (Mr. MacInnis). May I say to him immediately what he has been kind enough to say to me, namely, that I greatly respect his sincerity in everything he has said.

In listening to the hon. member however I found some difficulty in understanding his real objective. As I listened to his observations it seemed to me that they were directed towards the advocacy of the franchise being given to certain orientals in the province of British Columbia. I find however that the operative portion of his resolution asks the house to do something wholly different, and I believe it important to bring that difference to the attention of hon. members immediately, so that if the debate goes on for some time, hon. members will not be confused with respect to the real issue in the resolution as drafted.

May I point out that the resolution is divisible into two parts, the first constituting the preamble and the second the operative portion. The preamble reads:

> Whereas it is detrimental to the best interests of Canada that there should be in the country groups to whom, because of race or religious beliefs, we do not extend all the rights of citizenship.

Hon. members will notice that the preamble relates entirely to citizenship, a question

which is wholly domestic. It is intended to deal with that phase of citizenship which the hon. member has emphasized, namely the right of the exercise of the franchise.

Mr. MacINNIS: Without unduly interrupting the right hon. gentleman may I state I pointed out clearly that while I was anxious to exclude all those to whom we could not extend the rights of citizenship I felt that would not be a full solution of the problem which now exists.

Mr. MACKENZIE KING: I now come to the operative portion of the hon. member's motion:

> Therefore be it resolved that in the opinion of this house the government should take the necessary measures to exclude from the country all persons belonging to those groups to whom we do not grant the full rights and privileges of citizenship.

That portion of the resolution makes it one for the exclusion of orientals. That is what it is, and my hon. friend agrees. We are perfectly clear on that point; as a consequence, I believe there will be very little difficulty in deciding the proper course for parliament to follow.

I agree with the hon. member when he states that questions of this kind can be discussed to much greater advantage in a deliberate assembly, such as the House of Commons, than on the hustings, and I am therefore glad the hon. member has brought the matter here for discussion. May I revert to the preamble, which deals impliedly with the question of the franchise, and say that if it is a question of granting the franchise to orientals resident in British Columbia, the province to which he has made particular reference, then the matter is one which it seems to me might come properly before the legislature of that province, in the first instance, and might come properly before this chamber during the consideration of our Dominion Franchise Act. If I am not mistaken, the party to which the hon. member belongs constitutes the opposition in the legislature of British Columbia, but I am not aware that the co-operative commonwealth federation party in the legislature has preferred any request to the government of British Columbia to give the right of the franchise to the orientals of that province. I would say that that would be the proper place to begin. As long as I can remember, with respect to the franchise, we in the federal parliament have felt it our duty to respect the points of view of the provinces in matters of this kind.

Mr. MacINNIS: Is that true in regard to the votes for women in the province of Quebec?

Mr. MACKENZIE KING: I am speaking in the broad sense.

Mr. MacINNIS: This is a very broad sense.

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: There are exceptions to every rule, and I am quite prepared to grant my hon. friend the exception. But certainly so far as orientals in British Columbia are concerned, any portion of our legislation respecting the franchise which touches on that question has been dealt with in parliament out of respect for what we believed to be the wishes of the people of that province. However may I state immediately in this connection that there is on the order paper in the name of the Minister of Justice (Mr. Lapointe) a notice of motion reading as follows:

> That a special committee, the members thereof to be selected at a later date, be appointed to study the Dominion Elections Act 1934 and amendments thereto and the franchise act 1934 and amendments thereto and to suggest to the house such amendments to the said acts as they may deem advisable, and, furthermore, such committee shall study and make a report on the following subjects:—

And so on.

I have no doubt that the house will adopt that motion and that the Franchise Act will come before the special committee, and there would seem to me to be the proper time and place for my hon. friend to present his proposal that orientals in British Columbia should be granted the franchise. So far as his motion has to do with the franchise in its relation to orientals, the two courses I have mentioned amply cover all that could possibly be desired with regard to settling a domestic question pertaining to citizenship and the exercise of the franchise by orientals in British Columbia, namely, to have it dealt with in the first instance in the provincial legislature of British Columbia, and in the second place dealt with here by a committee of this House of Commons appointed specially to consider what amendments to the Dominion Franchise Act may be necessary.

May I say just in passing that I am not aware so far as British Columbia is concerned that the orientals themselves who reside there have been agitating for this right of the franchise, nor am I aware that the public generally have been advocating that particular step. However, I mention that only in passing.

The important point to consider is what my hon. friend actually proposes in his resolution, and here I think I can almost quote him in support of the point of view that I am about to set forth. The substantive portion of the resolution, as I have mentioned, is:

That the government should take the necessary measures to exclude from the country all persons belonging to those groups to whom we do not grant the full rights and privileges of citizenship.

The groups referred to, as mentioned by my hon. friend, are four: the Doukhobors, the Japanese, the Chinese and the Hindus.

My hon. friend says that so far as the Doukhobors are concerned, they have not been coming to this country for a long time past and therefore the question of excluding them does not arise.

My hon. friend also mentioned one other point, which was that members on the government side of the house at the present time opposed very strongly the denial in the Dominion Franchise Act of the right of the exercise of the franchise to Doukhobors residing in the province of British Columbia. I know that I opposed that provision very strongly at the time, and I am opposed to that section as it stands at present. I have no doubt that particular clause will come before the committee for consideration. So as far as the Doukhobors are concerned, they can be ruled out of the present discussion altogether.

The Chinese, I heard my hon. friend say, were diminishing rather than increasing in numbers in Canada, and from that point of view it would seem that exclusion of Chinese was hardly a step that it would be wise for this country to take at the present time even if there were not other very strong reasons for not taking action of that sort.

My hon. friend did not make quite clear just what he meant by exclusion, whether he meant to take the orientals already in the country and have them removed bodily back to their own native land, or whether he wished to exclude others from coming in. I think he did say that he thought they could hardly be sent back. He did not make the statement too positively, but he did think it would not do to send them back. I think I am right in saying that such at any rate is his view. If that, then, is the case, what the resolution narrows down to is simply the exclusion of others from coming in. We are agreed on that. So far as the Doukhobors are concerned we have seen that the resolution has no bearing as they have not been coming in. As far as the Chinese are concerned, the hon. member himself, as I have pointed out, states that their numbers in the province are diminishing, and he admits that none have come in at all within the last couple of years; so exclusion there would not be very much to the point. There remain then but the two nationalities, the Japanese and the Hindus—the British East Indians, spoken of colloquially as the Hindus. That raises, Mr. Speaker, the very large question of the exclusion from our dominion of some of those who are British subjects and also the exclusion of citizens of a great friendly power such as Japan is. These are days when the world is severely troubled with its problems. I should think it very unlikely that hon. members would wish to add to the world's problems to-day by raising at this time the question of exclusion from this country of the foreign peoples of the orient and of British subjects from India. I cannot imagine a single question which at this time would create more difficulties to governments, and which was calculated to provoke more in the way of hatred and strife than the proposal of exclusion.

Mr. MacINNIS: Does not the Prime Minister think the election propaganda of the Liberals in British Columbia was just as bad as exclusion itself could possibly be.

Mr. MACKENZIE KING: Like my hon. friend I deplore very much anything that is calculated to stir up racial feeling, but fortunately so far as political propaganda is concerned it is more or less localized. What my hon. friend forgets at the moment is that people in the orient who have never heard of our political discussions will read his resolution in the morning as a resolution that is being discussed in the House of Commons of Canada, and that makes it a very serious question indeed. I do not imagine that anyone in India has heard a single word of what was discussed in British Columbia during the last campaign with respect to East Indians, but if this resolution were to carry to-night I venture to say that the press of India to-morrow would be full of what this House of Commons had done to exclude British subjects in India from the Dominion of Canada.

Mr. MacINNIS: They are excluded now.

Mr. MACKENZIE KING: They are not excluded now. My hon. friend is quite wrong when he says that.

Mr. LAPOINTE: Why move to exclude them if they are already excluded?

Mr. MacINNIS: There is another class that is not excluded; that is the reason for the resolution.

Mr. MACKENZIE KING: May I say to my hon. friend that this is a question which has caused all governments in Canada for many years past great concern. It is a question to which I personally have given a good deal of attention and investigation. I have in my hand a report which I prepared for the government of the Right Hon. Sir Wilfrid Laurier as long ago as the year 1908 after a mission to England to confer with the British authorities on the subject of immigration to Canada from the orient, and immigration from India in particular. Having taken up outstanding features of this problem, so far as Canada was concerned, with the British Government, I subsequently visited India and took the matter up with the government of India. Later on I took up the same question with the governments of China and Japan. I have had much to do with subsequent negotiations. So I think I can speak with some degree of authority as to the significance of this great question. May I be permitted to quote just one paragraph of the order in council under which I was appointed to go to England to discuss the matter with the British government and subsequently to India. It is as follows:

> That moreover the whole subject of oriental immigration is one of first concern to Canada, and affecting, as it does, the relations of the dominion with foreign powers, and the relations of our people with fellow British subjects in India, involves considerations of the highest importance, not only to Canada, but to the British empire as a whole.

That was greatly true in 1908. Some twenty-eight years have elapsed since that time. I venture to say the problem has become infinitely more significant in its world aspects in that interval of time. It behooves this House of Commons to move very warily and carefully in whatever it does that might be interpreted by the great peoples of the orient and of India as something that is offensive to them as a people, and which reflects upon them as nations.

My hon. friend in speaking to-night said that the orientals as he knew them were a proud people; that they did not like the reflection on their race and their country involved in their being deprived of the franchise and were offended by it. I think he is right in regarding them as sensitive and proud, and just because I think he is right in that I feel we have to be very careful as to anything we say or do in this House of Commons which will be regarded as a reflection and as offensive, not merely to the few orientals who happen to be in Canada, but to the peoples of the orient in their respective countries whether they be in Japan or China or India or other parts of the world.

That is why I have thought it advisable to intervene at an early stage in this debate rather than to wait for the discussion to run on for some time. As, I said, speaking in the house some days ago, I do not believe that those of us who are members of legislative bodies can begin to appreciate the possible significance of our words and above all of our resolutions at a time like the present, when the feeling of unrest among the nations of the world is what it is. This is one resolution which for this reason I trust the House of Commons, if it should come to a vote at all, will vote down in the most emphatic way. I have not the least doubt however that my hon. friend, when he has discussed the political issues of the last campaign in British Columbia, will feel that his purpose has been served and will withdraw the resolution.

May I point out that, the question being the important one it is, every government that has held office in this country has had to give very careful consideration to the best method of dealing with it. There are only two methods that can be adopted with respect to immigration from the orient to Canada. One is the method of exclusion, which reflects upon the entire peoples of those countries, which is offensive to them and which is certain to create bitterness as between the orient and Canada, and the other method is that of diplomatic negotiation—frank and direct communication with the countries concerned, pointing out aspects of the problem as they are of concern to us, and seeking by negotiation in a diplomatic way to effect arrangements which will achieve what is necessary by way of effective restriction and avoid what is so objectionable in exclusion.

The governments that have been in office in this country for thirty years past, whether Liberal or Conservative, have followed precisely the same method in dealing with this question; they have met those in authority in the other countries and explained the situation here, and have succeeded in securing arrangements in the nature of effective restriction. What my hon. friend has said to-night makes it clear that while there have been times when the number of orientals coming to Canada has been considerable, there has never been a time when the numbers coming in have been fewer actually than they are at present. So far as immigration from the orient is concerned, my hon. friend has chosen,

from his point of view, the worst possible moment to introduce a resolution looking in the direction of restriction, to say nothing of exclusion. One of the chief reasons this country had for opening a legation in Japan was that we might avoid precisely the sort of discussion that threatens to arise in the house to-night in considering a question which means so very much to nations that are sensitive in matters of this kind. It was thought that if Canada had a legation in Japan and Japan a legation here, we could meet the representatives of Japan here and the Japanese could meet our representative in Tokyo and these matters could be talked over and a friendly arrangement reached. That has been done and done most successfully. The agreement we have with Japan at the present time is being carried out very faithfully by the Japanese. We have no reason to complain at all of the honourable manner in which that country has acted in the last few years with respect to the fulfilment of all the obligations arising out of the arrangement we have with her.

Again, so far as India is concerned, I should think it would be very unfortunate indeed if we attempted anything in the nature of exclusion. I think my hon. friend himself will agree that the number of East Indians coming to Canada at the present time is so small as not to make it a consideration; indeed, the hon. gentleman's remarks have been pretty much to that effect. So that the whole matter narrows to the adoption of an act of exclusion towards Japan.

May I say to my hon. friend, that quite apart from the more serious and important considerations of which I have spoken, interested as he is above all in his own province of British Columbia, he surely must appreciate the importance to British Columbia in the development of its trade on the Pacific, of maintaining the friendliest relations with the countries with which Canada hopes to trade. Within the last few months, we have fortunately settled a trade difference between Japan and Canada in a manner which has avoided much bitterness of feeling, indeed has, I believe, ended it, and established in its stead friendliness and good will that will be very much to the advantage of both countries. Certainly, in the little time that normal trade relations have been restored, there has been evidence as a result thereof, of a very considerable development of industry in British Columbia. Many men are to-day employed who only a few months ago were out of work; wage bills are being paid out at higher rates and more extensively in several of the industries in British Columbia as a result of restored trade with Japan. That is a development that means very much to our country at this time, and will mean more and more as time goes on. Any act of exclusion against orientals would pretty soon put an end to trade relations with countries against which that act might be directed.

I do not think I need say more. I believe that my hon. friend is truly desirous, as are all members of the house, of promoting good will as between the different nations of the world and this dominion; and particularly desirous are those who come from British Columbia and from the western part of Canada, of promoting the friendliest relations with those great countries that are across the Pacific. We shall be making no mistake if we continue by direct negotiation to seek to appeal to what is reasonable in the minds of others in effecting the agreements that are necessary to the succesful and peaceful management of our own affairs; but we shall certainly be creating ill-will, the consequence of which no one can foresee, if we adopt at this time any act of exclusion.

May I add this word in conclusion. I do not think that any country would for one moment take the view that immigration is not entirely a matter for each country to settle for itself. So far as the British empire is concerned, at the imperial war conference of 1918, if I am not mistaken, a resolution in quite definite terms was passed to the effect that as between different parts of the empire it was recognized that each part had sovereign right in the matter of regulating the entrance of people into its own domain and that this carried with it the right to restrict immigration from any other part of the empire. As regards our recognized right to do as we please with respect to immigration there can be no question whatever. But what it is best to do, and how it can best be done is something which no government can consider too carefully. I hope therefore that, having served his purpose in bringing out what he regards as deplorable features of the last campaign in British Columbia, my hon. friend will, when the time comes, withdraw the resolution, so that there may be no possible misinterpretation of Canada's attitude towards orientals, whether they be foreigners in the usual meaning of the term, or fellow British subjects in the wide sense of that phrase.

Mr. THOMAS REID (New Westminster): The resolution now before the house deals with a matter, as the mover (Mr. MacInnis) stated, peculiar to British Columbia. I was rather disappointed—and I say this kindly—that the mover of the resolution, although he started off upon a rather high plane, remarking that this was a question which should be discussed in the House of Commons, and without heat, rather than on the hustings, before long exhibited quite a little heat and brought in matters that occurred during the last election.

Let me say at the outset that perhaps no Liberal candidate can wholly disclaim the propaganda and advertisements which appeared in the press on behalf of his party. I am not adopting a "holier than thou" attitude, but I can assure the mover of the resolution that from one end of the campaign to the other never by word or inference did I mention the oriental issue. It is true that my picture and my name appeared in the newspaper exhibited, but I think in fairness my hon. friend will have to admit that I, although having nothing personally to do with it, must I suppose accept some responsibility. I am however actually no more responsible for it than he is for every speech that was uttered by every Cooperative Commonwealth Federation member throughout the campaign. In bringing up the matter as one that affects the best interests of Canada, the hon. member shows the house, and rightly so, that it is of vital concern and interest to the people of British Columbia particularly.

The right hon. the Prime Minister (Mr. Mackenzie King) stated the matter very clearly, I think, when he pointed out that the federal parliament was merely carrying out the wishes of the British Columbia government. What annoyed many people in British Columbia and some British Columbia members of the house was that during the last provincial election in that province the Cooperative Commonwealth Federation candidates, knowing that it was an acute question, and a touchy one, invariably ducked the oriental question when they were asked about it. When the subject of the Doukhobors came up in the house the hon. member for Winnipeg North Centre (Mr. Woodsworth) came out with a straightforward statement to the house and to the country that so far as he personally was concerned and his party likewise they, if elected to power, would give the orientals in British Columbia the vote.

Coming to the resolution itself, however, it is threefold. The first part I certainly do not agree with. It says

> Whereas it is detrimental to the best interests of Canada that there should be in the country groups to whom, because of race or religious beliefs, we do not extend the rights of citizenship.

Again, to quote the words of the Prime Minister this evening, there are many groups in British Columbia who are being denied the vote who are not as much concerned about it as is the Cooperative Commonwealth Federation. I have met many Chinese; I have met many Japanese and Hindus. Let me say frankly that they are more concerned with making a livelihood, and so long as they can make a little money in British Columbia the vote does not interest them very much. Yet we have members of the Cooperative Commonwealth Federation who seem to be losing a lot of sleep over oriental groups in British Columbia who have not the franchise.

It is my desire to keep the discussion on a fairly high plane. First, however, I want to make some remarks regarding immigration into this country and some of the races which have been mentioned. The mover referred to Japanese, Chinese and Hindus. I think I am stating the matter fairly when I say that if there is any race that has a grievance against Canada it is those who came to this land from China. In looking up records I find that this race have contributed a total of $13,000,000 to the treasury of this country for their admittance to make a living. I would also draw to the attention of the house that they are the only race which has a special act designed for their control. None of them, generally speaking, is admitted unless he comes under what is known as the Chinese Immigration Act. In view of the opening up of the orient and particularly of that great country, China, I think this is a matter of which serious notice should be taken. It is not that I am advocating the taking down of the barriers, because I quite agree we have had enough of these orientals, and I would like to see many more of them going back; for as has been pointed out, Chinese in large numbers have been returning to their own country. If my memory serves me correctly, many hundreds, if not a thousand or two, were taken back last year in accordance with some understanding with the Chinese government. Napoleon said, referring to that large country, China, "She sleeps, and it is well." But with her teeming millions beginning to awake I think it is about time we took serious note of the present discrimina-

tion; and if we are going to bar Chinese altogether, let us bar all orientals. Of course at the moment I am not going into that matter, nor am I now advocating such a step much as I would like to. But I say it is very unfair that this one country should have legislation specially designed against any one nation in the orient and then, by some agreement with a nation living alongside, allow that country's nationals into Canada.

I could have wished that the mover of the resolution in his remarks had spoken about the unassimilable races. Let me point out to hon. members that there is more behind this matter than mere voting power or the economic life of people in this country from the orient and from India. My personal view is that we should view very carefully if not with alarm the presence of thousands of an unassimilable race, and until the time comes when we either marry them or they marry amongst our people and begin to assimilate, I think we should go very carefully indeed before granting them too many rights and privileges. In saying that I am giving my own personal views.

In view again of the statement of my hon. friend who moved the resolution that he wished to keep the discussion on a high plane, I wonder that he did not draw the attention of the house to the fact that even the gentleman's agreement with Japan is a little one-sided. At any rate that is my view. We allow their nationals, also Chinese and Hindus, to come into this country, to own land, to make a living and to go about their economic and everyday life without let or hindrance. It is hardly necessary to point out that these groups in various phases of our economic life have been the means of keeping wages lower than they should have been. Again, in Japan, I understand, no one has the right to own land or to vote. So Canada's refusal to grant them just the vote is not wholly one-sided. Japan has made no effort to allow any foreigner to own land within her borders, and I say that when any new agreement is negotiated that fact should be laid before the Japanese government and a little fair play asked from them before her nationals demand too much from us. I doubt however whether the Japanese in Canada are demanding the vote in very large numbers. It is true that one or two students have gone around saying it is an insult to the race that they are not allowed to vote, but taking it by and large I think I am making a correct statement that they are not so much concerned with the vote as they are with making a living in this country. I think it also fair to state that so far as their standards of living are concerned they are making a wonderfully fine living, in the province of British Columbia at least.

I note that many orientals, when they start in business, are very loath to engage Canadian help if at all, though Canadian industries, paying the same wages in many kinds of work, give them every preference in employment. Japanese concerns in British Columbia, either logging or fishing, do not hire one Canadian, and that is a very serious problem, which we view with some alarm. We see them encroaching on our fisheries, our farms and our forests, and now the statement is made in the press that Japan is getting tired of buying lumber from Canadian lumbermen and is beginning to acquire large tracts of forest land in British Columbia. I venture to state that if they do so not one Canadian will be given employment there; all the workmen will be Japanese, born either in Canada or in Japan.

Under the old act Japanese born in this country could renounce their citizenship only with the consent of their own country. No one knows how many have done so, but under the new law Japanese can retain their citizenship by simply registering with the Japanese consul. I have no inclination to quarrel with them for not giving up their citizenship; it is their birthright; but why pretend that all Japanese in Canada, either born here or coming from Japan, are entirely British subjects or Canadians? We have no real data as to whether they belong to Japan or whether they are really Canadians.

The Doukhobor question was an entirely different matter. When it came up in the house I voted against the Doukhobor being given the franchise, and I am not apologizing for having done so. As is well known, the Doukhobors came to this country—after having been given every encouragement, it is true—and were allowed to live their own lives and go their own way. But when they refused to be registered; when they burned down our schools; when they tore the clothes off the policemen who went in to administer the law, and chased them; when, as the Prime Minister pointed out, they became the first race in this country successfully to defy the law, I have no apology to offer for voting against those people being permitted the franchise until they learn to obey our laws. In connection with the franchise, Mr. Speaker, I am more particularly concerned about our own people. I would rather see wider education in regard to the franchise and something more done to arouse our own people to the importance of voting, so that instead of only about seventy per cent of the registered voters

taking advantage of the franchise at a general election we would have as nearly as possible one hundred per cent. When one remembers that we have to bring out practically all our voters or many of them will not come at all, I say that it would be far better to spend our efforts in educating our own people to the value of the franchise rather than to lose any sleep over the orientals not having votes because, as I say, they are not particularly concerned about that. They have enough power now without the franchise; I do not know just what more they want, unless it might be that a little later they would put up candidates of their own. Then we might witness one of them, either in Victoria or in Ottawa, presumably representing all his electors but—and I say this without fear of successful contradiction—really representing a great group of their fellow nationals, and perhaps being guided from abroad.

I want however to keep to the resolution. If it were simply a matter of keeping out orientals I feel that I could support this motion but—and I say this in all kindliness—I do not think the principal wish of the mover of the resolution is so much to keep out orientals as to deal with those who are already in the country and who are not allowed to vote, to the end that they be given the vote.

Mr. MacINNIS: Mr. Speaker, if the hon. gentleman will not accept my own statement surely he must accept the resolution as it stands. I think it has been decided already this evening that it is the resolution, and not the intent behind it, that counts, and what is in the resolution is quite clear.

Mr. REID: I may be a little dense, Mr. Speaker, but I assure the hon. gentleman that his remarks were not directed to the resolution, and of course I was going more on his own statements than on what is in the resolution, because I thought what he said was what he really meant. In the first paragraph the resolution states that it is detrimental to deny the vote to these people. With that I cannot agree; I do not believe it is detrimental to deny the vote to these classes of people. It is the inherent right of any country to deny the vote to any class it sees fit to deny it to. When I find certain countries denying the vote to citizens of Canada I ask: What kick have they to make when they themselves deny the vote to our nationals? In addition, of course, I do not think very many of these orientals are losing much sleep over the fact that they cannot vote in this country.

I should like to say a word with regard to our naturalization laws, because this resolution also touches that point. Some serious note should be taken of the fact that anyone born on a British ship becomes a British subject. My opinion is that we should not lightly give citizenship to people just because they are born on a British ship, irrespective of the nationality of the parents. Citizenship should be given carefully, and if that were done I think we might have more pride in the fact that we are Canadian citizens.

Mr. RINFRET: If my hon. friend will allow me, he should make a distinction between British citizenship and Canadian citizenship. A person born on a British ship would be a British subject but not necessarily a Canadian citizen.

Mr. REID: I understood that we followed the British law, which provides that anyone born on a British ship is a British subject.

Mr. RINFRET: British citizenship applies to the whole empire. That would not necessarily make a person a Canadian citizen.

Mr. REID: I shall have to accept the word of the Secretary of State (Mr. Rinfret) as to that. Then, Mr. Speaker, I think it would be going just a little too far to deny the right of entry to those people simply because we do not give them the franchise. In the course of his remarks the mover of the resolution gave some figures which I think he said were given to him by Japanese university students. The figures as to orientals in British Columbia form another bone of contention, and are not always correct. Only two years ago it was discovered in British Columbia that many Japanese who had birth certificates presumably showing them to be born in British Columbia really had been born in Japan. The whole problem is a very serious one. I might point out that in British Columbia we have some sections that are almost entirely Japanese. In my own constituency there is a school having fourteen rooms, of which in eleven the children are entirely Japanese, in two they are mixed and in only one they are white. Not long ago—I quoted this a year ago and I quote it again—I passed near my own district a school in which there were nine boys at play, seven Japanese and two white. One cannot but realize that with the great increase of births among those people in British Columbia this has become a very serious problem indeed, and I believe their numbers should not be allowed to increase by further immigration. However I realize that one's remarks might be wrongly interpreted abroad and by other countries, so I am not going to dwell on that aspect of the matter.

I say again I disagree with the first part of the resolution. Personally I do not believe it is detrimental to the best interests of Canada that the vote should not ge given to certain groups of nationals and secondly I object to barring any class of people from the country simply because we do not grant them the vote.

Mr. A. W. NEILL (Comox-Alberni): I have only a few remarks to make on this matter. It has been so well summed up by the Prime Minister (Mr. Mackenzie King) that I wish to add simply one slight observation. I would have had a great deal more respect for the introducer of the resolution (Mr. MacInnis) if he had framed it honestly, and particularly—

Mr. MacINNIS: Mr. Speaker, I submit it is quite out of order for the hon. member to say I have not framed my resolution honestly. I think he should withdraw that statement.

Mr. SPEAKER: The hon. member should speak to the resolution.

Mr. NEILL: If the hon. member had waited until I had finished my sentence he might not have been so hurt.

Mr. MacINNIS: Is the hon. gentleman going to withdraw the statement?

Mr. NEILL: What statement? I have not made a statement.

Mr. MacINNIS: Yes, he said that I have not framed my resolution honestly.

Mr. NEILL: I did not say that.

Mr. MacINNIS: I heard that statement.

Mr. NEILL: No.

Mr. MacINNIS: Then it was not made?

Mr. NEILL: I was going to make it but I had not made it. I will take it all back and begin again. Mr. Speaker, the resolution is in two parts, and the hon. member certainly took advantage of his peculiar and unique wording of it to hang on to it an argument in favour of votes for orientals. There is no law against our discussing, or reason why we should not discuss votes for orientals in this chamber if we are so minded, but if I had been moving this resolution I would have begun honestly with votes for orientals and stuck to that and not mixed it up with the suggestion that we should exclude some. I timed the hon. gentleman; he devoted thirty-five minutes to speaking in favour of votes for orientals and in the last five minutes in one feeble sentence he made a casual reference to excluding them. The Prime Minister, as I say, summed up the matter so excellently that I can only endorse what he said. He said very truly that we should go to British Columbia if we want votes for orientals in British Columbia. That seems reasonable, does it not? It is on record that the party to which my hon. friend belongs is the official opposition in that province, and they have sat through two sessions of the local legislature and have not opened their mouths about it. Why not go to the source where you can get redress instead of whining about it in another place where you cannot get redress even if you wanted it?

The hon. member alluded to the Liberal party making an attempt to raise low racial prejudice. There stands the man—or sits—who introduced the low racial prejudice. The matter was dead. He says that the Japanese race will not tolerate this; well, they have tolerated it for thirty-three years, so why dig it up now? Who is digging it up; who is starting the low racial prejudice again? Surely not the people who are asking that things remain in statu quo as they have been for thirty-three years, as I shall show in a moment. I have before me the Law Reports, Appeal Cases, 1903, and at page 151 and following is the report of an appeal which was taken to the privy council of England, the highest court in the empire, by a gentleman of the name of Tomey Homma. He applied to the local courts for a mandamus to have the registrar put his name on the voters' list, and I believe he succeeded. Then the matter was taken to a higher court and he won there. Then the Attorney General of British Columbia took it to the privy council and in these pages is recorded the judgment of the privy council, delivered I think by Lord Halsbury. I will not quote it all, but among other things he says:

> The extent to which naturalization will confer privileges has varied both in this country and elsewhere.

Then he goes on to state that:

> From the time of William III down to Queen Victoria no naturalization was permitted which did not exclude the alien naturalized from sitting in parliament or in the privy council.

Does my hon. friend know that we do not even go to that extent? We do allow a Japanese to sit in parliament, that is, there is no law against his being a candidate, although we do not allow him to vote. The Cooperative Commonwealth Federation can run a Japanese candidate at the next election; let them see how far they get.

Then the judgment goes on to discuss political rights. My hon. friend said earlier in the evening that the Liberal propaganda sheet asked whether the promise of the fran-

chise had been made in return for some quid pro quo, and he said he did not know that the right of the franchise was a gift. Well, it is.

> The term "political rights" used in the Canadian Naturalization Act is, as Walkem J. very justly says, a very wide phrase, and their lordships concur in his observation that, whatever it means, it cannot be held to give necessarily a right to the suffrage in all or any of the provinces.

Then they go on to cite the history of the matter in Great Britain:

> In the history of this country the right to the franchise has been granted and withheld on a great number of grounds, conspicuously upon grounds of religious faith, yet no one has ever suggested that a person excluded from the franchise was not under allegiance to the sovereign.

The reference to religious grounds is that I believe for many years Roman Catholics were not allowed the vote, but nevertheless they were British subjects.

Mr. BENNETT: I think the Catholic Emancipation Act was passed about 1830.

Mr. NEILL: Yes. Now to put this into the common language of ordinary people the privy council decided that British Columbia had the right to pass any kind of franchise act they saw fit. The franchise was not a privilege inherent in the fact of being a British subject; they can and do exclude British subjects now unless they can qualify in certain regards. They could exclude people with red hair; I heard it suggested that they might exclude Scotchmen. They have that privilege. That decision was given, as I have said, thirty-three years ago; it has never been challenged since; it could not be because it is a decision of the final court of appeal. The Japanese, being loyal subjects, accepted that decision and we have never had any trouble about it since. It has never been a matter for diplomatic exchanges with Japan; they have accepted the situation. But now it is dug up out of a clear sky—

Some hon. MEMBERS: Oh, oh.

Mr. NEILL: I should have said pulled down from a clear sky. My friend says, very unfairly I suggest, that we seek to discriminate against them on account of their colour. Not at all; it is not on account of their colour, but on account of the well known fact, admitted by the Japanese themselves, that they are not assimilable with us and, more than that, they do not want to be. They do not wish to intermarry with us. They regard themselves as the proud Japanese race. They are proud of their race, and have a right to take that attitude. They do not want intercourse with us; they do not want to intermarry with us, and for that reason they remain aloof. In many respects they claim they are superior. It is because they entertain these different ideals and ideas and because they maintain adherence to their own emperor, and so on, that we do not think it desirable to give them the vote. It is a local matter with which the people of British Columbia are surely best qualified to deal.

In his closing remarks the hon. member said that he is not asking that the oriental be given the vote. If he was not doing that, what was the whole purpose of ninety-nine per cent of his remarks? He said that he was not asking that they be given the vote, but only in his closing remarks did he make a suggestion to the Prime Minister that he do away with what is known as a gentleman's agreement. Look at the delightful consistency of the suggestion. On February 12, speaking on some other subject, he quoted the Liberal party as stating that they were opposed to giving votes to orientals. He used these words:

> Note that, sir—the Liberal party is opposed to giving the orientals the vote.

I am glad to hear it; I hope they stay that way. Then he goes on to state:

> What a wonderful help such a statement will be in their negotiations with Japan to improve trade relations between the two countries.

On the 12th of February he twits the Liberal party, stating that they are against giving orientals the vote, and that their attitude will handicap them in their trade negotiations. Now, if this resolution means anything, the last paragraph would exclude orientals altogether. As the Prime Minister has properly said, that will not facilitate good feelings between the two nations. The Prime Minister and hon. members generally know how bitterly I have opposed immigration from Japan, and how at last after a great deal of negotiating it has been cut down to 150 men, women and children in any one year. That is not as far as I wanted the Prime Minister to go, because I wanted it made exclusive, but for the reasons he mentioned to-night, namely, that we are not legislating for British Columbia alone, that was the arrangement made. We have to take into consideration international and world-wide conditions to which the Prime Minister referred, and for that reason I acquiesced in the reduced immigration which, I say, is a great improvement on the open door policy arising from the gentleman's agreement which existed previously, and

under which as many as 1,700 in one year came in. Although I know it would be popular in British Columbia that we upset the present agreement, I am not asking that we do so. I would ask that it be rigidly adhered to and enforced and, for the reasons stated, not enlarged. I earnestly hope the house will turn down the resolution with its ostensible suggestion of excluding these people, but with the real object of giving votes to orientals in British Columbia.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, the hon. member for Comox-Alberni (Mr. Neill) suggests that the mover of the resolution is responsible for digging something out of a clear sky. I am afraid his reasoning is almost as mixed as his metaphors. He deplores the introduction of racial prejudices and the stirring up of questions which, he states, are or have been dead. May I point out that in 1934 when we were discussing a bill to disfranchise the Doukhobors of British Columbia I pointed out incidentally that we had already gone too far in the way of regional disfranchisement and instanced the case of disfranchisement of the orientals in one province. My friend immediately jumped up and asked whether I would advocate the enfranchisement of orientals—

Mr. NEILL: That is not what I said.

Mr. WOODSWORTH: —or was it the Minister of National Defence (Mr. Mackenzie, Vancouver)? Yes, I think it was the Minister of National Defence. His question was not germane to the question, but it was thrown in, so far as I could see, for purely political purposes.

Mr. MACKENZIE (Vancouver): Order.

Mr. WOODSWORTH: However that may be, that was the question. I said immediately, "By all means, if otherwise qualified." In our Cooperative Commonwealth Federation manifesto, although we have not dealt definitely with orientals we have stated that our organization stands for equal rights to citizenship irrespective of race, colour or religion. I could not go back on the terms of that platform. Then the hon. member for Comox-Alberni went back to his constituency and published in the local press an advertisement in which he quoted from Hansard, and stated that we of the Cooperative Commonwealth Federation stood for all sorts of things. Then the Liberal party took up the hue and cry and tried to make it one of the main issues in the last campaign. I am not surprised that my colleague from Vancouver East (Mr. MacInnis) should get a bit excited when he recalled that in the last election campaign, in connection with a matter which should have been considered in a dignified way, a direct attempt had been made by the great Liberal party to discount another party by an appeal to race prejudice—all over a question which we had not raised except incidentally, but one upon which they sought to capitalize.

I believe Professor Angus was justified when in a recent number of the Canadian Forum he stated, "The Liberals stoop to conquer." The hon. member for New Westminster (Mr. Reid) and the Prime Minister (Mr. Mackenzie King) have undoubtedly conducted this discussion on a high plane. I wish that could have been done on the hustings. I believe the Prime Minister should have stated to-night, and perhaps earlier on the hustings, whether the Liberal party stand for an appeal to race prejudice. Further, he should have told us to-night whether the Liberal party stands for enfranchisement of orientals or of Doukhobors. He skilfully avoided questions of that kind and sought to direct attention to other matters.

The hon. member for Comox-Alberni has stated that we come here whining; that we should not come here at all, and that we should go to Victoria. Let me say to him that the Dominion Franchise Act was not passed in Victoria. It was passed in Ottawa, and if we are to get any redress from conditions imposed by the Dominion Franchise Act we must get it here, and not in Victoria. Further, we know that immigration regulations are laid down not by provincial legislatures; but by the federal parliament, and if the mover of the resolution urges that for certain reasons there should be an exclusion he is justified in coming here and advocating his views in this House of Commons. It is not his duty to try to pass the question on to the British Columbia legislature.

Mr. NEILL: He did not advocate it.

Mr. WOODSWORTH: The Prime Minister has said that generally speaking we have followed the provincial franchise. Let me point out, as was suggested by my colleague, that that was not done in the case of the women of Quebec. It has been clearly demonstrated again and again and again, that the people of Quebec do not want their women to have the franchise.

Mr. LAPOINTE: No, no, no.

Mr. WOODSWORTH: No? Well, the present government does not want them to have it.

Mr. LAPOINTE: I think members of this house from the province of Quebec are all in favour of it.

Mr. WOODSWORTH: Again and again deputations have gone to Quebec asking for the franchise for women, but they have been turned down by people who are supposed to represent that province. Notwithstanding that fact we in this House of Commons insist that the women of Quebec should have a vote in federal affairs, and I think we are right. By the same reasoning, as I tried to point out two years ago, whatever may be done by the people of British Columbia in withholding the provincial franchise—that is their right, I suppose, as the hon. member for Comox-Alberni asserted—we in the federal parliament have the right to determine who is going to vote in a dominion election. I urge that it is not a good principle that we should discriminate in that regard between the provinces.

The same is true in connection with the Doukhobors. I have not time to go into detail to-night, but I recall that when a bill was introduced by the Conservative government here two years ago executing the Doukhobors and their descendants from the vote in British Columbia, it did not exclude them from the vote in Saskatchewan. I do not think that is a good sort of legislation. I said so then, and I say so again to-night. I think it is an outrageous piece of legislation. I have a friend, a descendant of a Doukhobor, a prominent lawyer in Saskatchewan. His wife was the daughter of a former lecturer of Queen's university. He has two very bright children growing up. If those children should move to British Columbia they would automatically be excluded from the franchise simply because on one side of the house they are descended from a Doukhobor. I say it is an outrageous piece of legislation and I would think a Liberal government that is true to Liberal principles would see that that piece of legislation does not remain on the statute books.

Mr. JACOBS: Will my hon. friend permit me to say that there were quite a number of Liberals who voted for the resolution he presented, and I had the pleasure of supporting it myself.

Mr. LAPOINTE: So did I.

Mr. WOODSWORTH: I am glad to acknowledge that and to hear the Minister of Justice (Mr. Lapointe) say that he also supported it. My appeal would be, now that the Liberals are in power, that they should repeal that legislation that is so out of keeping with British traditions. That is one phase of the matter. In the case of the Doukhobors, we legislated against people because of their religious beliefs.

Mr. BENNETT: That is not correct.

Mr. WOODSWORTH: Yes, that is correct; pardon me. There are certain groups in the Doukhobors—I do not think they form ten per cent of the whole body of Doukhobors—which misbehaved in this country. They call themselves the Sons of Freedom. They have done all sorts of things that nobody could condone, and they caused a lot of trouble to the government.

Mr. REID: Is it not the case in British Columbia that the Doukhobors are practically confined to one section?

Mr. WOODSWORTH: Very largely, but we also find them in Alberta and Saskatchewan. I do not want to go into the whole question to-night, but I say the Doukhobors are not a race. The Doukhobors constitute a religious sect, and the legislation is to exclude them and their descendants from the franchise.

I am glad the Prime Minister takes the ground that we have a right to do as we please here in Canada. The question is: What is right for us to do? I for one do not want to add to the world's problems, as the Prime Minister suggests would be done, by excluding any one race, but I think that is not primarily the idea that lies behind the resolution. What the mover had in mind, and what I think he said clearly, was this: Is it going to be the policy of Canada to let people come in here to whom we do not propose to give full rights of citizenship?

Mr. MACKENZIE KING: But is not the effect of the resolution to exclude them?

Mr. WOODSWORTH: On the face of it, I suppose it would be to exclude them, but I would say we are here called upon to consider whether we should adopt a policy of allowing people to come into this country to whom we do not propose to give the rights of citizenship. That is a general matter of policy and my colleague here (Mr. MacInnis) has tried to state it as a general matter of policy. If we have in Canada a fixed policy that we exclude orientals from the franchise, then we might well consider whether it ought not to follow that we should therefore exclude them altogether from the country.

There are three or four different things mixed up in this question. There is first the problem of immigration. No one proposes to bring more people into Canada. We are told that the Cooperative Commonwealth Federation wants to flood this country with orientals. That is not so. Under present conditions I am opposed even to immigration from the British Isles. Then there is the other question,

that of naturalization. A great many of these orientals are naturalized. Certain regulations are laid down. They have to know one of the two languages, and so on. That automatically excludes a great many of them even from becoming naturalized. The third question concerned those who are naturalized Canadians or who were born in this country, and our position is that if they are naturalized citizens it ought to be the policy of this dominion to give them the fullest rights of citizenship.

I visit Stanley park every time I go to Vancouver. In the park there is a beautiful monument erected to the Japanese soldiers who fell at the front. A great many of them enlisted, and the ones who enlisted were given the franchise. Other Japanese, just as loyal, did not enlist and have not the franchise. Among the white people are we going to exclude all those who did not go to the front? We do not do that. Further, the sons and daughters of the men who fell at the front are not given the rights of citizenship. We have a monument to those who fell; we give the franchise to those who came back, but we refuse the rights of citizenship to their sons and daughters. Is that how a grateful country treats those who have been willing to lay down their lives for their country?

I have visited several times one of those schools in Vancouver in which there are many oriental children. I was there last Christmas. I listened to their program of Christmas carols and patriotic songs. The principal said to me on one of my visits as we looked over the large number of bright Chinese and Japanese boys and girls, "Mr. Woodsworth, when are you people at Ottawa going to give these young people the vote?" Some people say that the orientals are more interested in the right to live than in the right to the franchise. That may be true, but the unfortunate part is that the refusal to give them the right to vote restricts greatly their opportunity to earn a living. Is it nothing in itself that a man should have the right to vote? We were told that the Boer war was fought very largely because Englishmen did not have the fullest privileges of citizenship in South Africa. Yet we are denying to certain people in this country the full rights of citizenship. I am thinking particularly of these second generation Japanese, people who were born in this country. Half of them cannot read Japanese; most of them can talk Japanese more or less, but they cannot read Japanese. They are brought up in our schools, sing our Christmas songs, go through our patriotic exercises, and yet when they grow up they cannot vote. They attend our high schools and universities. They are absolutely cut off from Japan. I remember being in Japan just about a year ago and meeting some American and Canadian-born Japanese who had gone back to Japan with their parents. They were like fish out of water in Japan. There was no place there for them. They were Canadians and Americans. These young people do not want to go to Japan because there is no place there for them. They say that this is their country; they think they ought to have the rights of citizenship, and I heartily agree with them.

Just look at what this legislation means. I quote from a summary of an article by Professor H. F. Angus in a publication of the Canadian Institute of International Affairs. He points out that the Revised Statutes of British Columbia of 1924, chapter 76, section 5 (a) disqualifiies "any person of Japanese race, naturalized or not," from voting at any election. The effect of this statute which discriminates against oriental Canadians purely on the ground of race does not merely exclude these British subjects of oriental race from voting at municipal, provincial and dominion elections but also restricts them from various fields of occupation by the use of voters lists, provincial or municipal as the case may be, as the basis of qualification. It is by this method that Japanese-British subjects are excluded from:

1. Election to the provincial legislature;
2. Nomination for municipal office;
3. Nomination at an election of school trustees;
4. Jury service.

Other legislative provisions result in effective exclusion of British subjects of Asiatic race from:

1. The legal profession;
2. The pharmaceutical profession;
3. Obtaining a licence for hand-logging;
4. Becoming a contractor on any public work;
5. Purchasing crown timber or logging such timber.

In addition to these statutory and regulatory restrictions against oriental Canadians, there are "de facto" exclusions from:

1. Being employed as specialists in public service;
2. Holding municipal offices.

It seems to me a serious matter to allow people to come to this country and compel them to remain in one or two particular kinds of occupation, and I do not know why they should be allowed in these any more

than in the legal or the medical profession. At any rate, we exclude them in practice from certain higher positions which they are well qualified to fill. I do not think this is fair.

Not only is it unfair to these young Japanese born in Canada but it is unfair to the Canadian people. Let this continue and what shall we have? We shall have here a subordinate race whose lower standard of living will be a constant menace to the standard of living of other Canadian people. We shall have here a large group of young people educated in our schools, trained in the ideas of democracy but denied absolutely the right to exercise their democracy. Is that a good thing for Canada?

Let me again appeal to Liberal traditions. Surely it is not a good thing to have in our midst a subject race, as well educated as we are, many of them better educated, because the Japanese are not an inferior people—it is not, I say, a good thing for us to have such people here trying to earn a precarious living while excluded from a great many occupations, and with a rankling sense of injustice because they are not granted full rights of British citizenship. I would make this suggestion. All of us have been drawn more or less into political considerations in our discussion to-night. I am not going to lay the blame on anyone but I would make a suggestion that this matter be discussed in a freer atmosphere.

Mr. SPEAKER: It is eleven o'clock.

Mr. WOODSWORTH: I have just a few more words to say. We face a real problem The government might refer a matter of this kind to the committee on industrial and international relations to study and report on some possible solution. That could be done without necessarily talking about exclusion or otherwise complicating matters. Let us try to solve this vital Canadian problem.

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

Friday, February 21, 1936

The house met at three o'clock.

SELECT STANDING COMMITTEES

Hon. J. C. ELLIOTT (Postmaster General) presented the report of the special committee appointed to prepare and report lists of members to compose the select standing committees of the house, as follows:

PRIVILEGES AND ELECTIONS

Messieurs:

Anderson
Beaubien
Bennett
Bertrand (Laurier)
Bothwell
Cahan
Campbell
Chevrier (Ottawa)
Duff
Factor
Fleming
Fournier (Hull)
Gariépy
Hall
Kuhl
Lawson
MacInnis
Mackenzie (Vancouver)
McCuaig
McLarty
McNiven (Regina)
Massey
Pouliot
Power
Ryan
Sinclair
Slaght
Thorson
Turgeon—29.

(Quorum 10)

RAILWAYS, CANALS AND TELEGRAPH LINES

Messieurs:

Barber
Beaubier
Bertrand (Laurier)
Brown
Cameron (Hastings)
Cameron (Cape Breton)
Clark (York-Sunbury)
Crerar
Damude
Deslauriers
Duffus
Dupuis
Edwards
Elliott (Kindersley)
Emmerson
Girouard
Gladstone
Grant
Hamilton
Hansell
Hanson
Harris
Heaps
Howden
Hushion
Isnor
Jean
Johnston (Bow River)
Lockhart
MacInnis
MacKinnon (Edmonton)
MacMillan
McCann
McCulloch
McIvor
McKay
McKinnon (Kenora)
McNiven (Regina City)
Marcil
Maybank
Mercier
Mills
Mullins
Mutch
O'Neill
Parent (Terrebonne)
Pelletier
Pouliot
Ross (Moose Jaw)
St-Père
Stevens
Stewart
Streight
Sylvestre
Vien
Walsh
Wermenlinger
White
Wood
Young—60.

(Quorum 20)

MISCELLANEOUS PRIVATE BILLS

Messieurs:

Ahearn
Barry
Boulanger
Bradette
Brasset
Brown
Chevrier (Stormont)
Clarke (Rosedale)
Cleaver
Coldwell
Deachman
Douglas
Dubois
Evans
Fair
Ferguson
Ferland
Gariépy
Girouard
Glen
Goulet
Howard
Hyndman
Johnston (Bow River)
Lacombe
Lacroix (Quebec-Montmorency)
Lalonde
Little
Lockhart
MacDonald (Brantford)

MacLennan
Macphail
McDonald (Souris)
McGeer
McGregor
McPhee
Mercier
Mulock
Parent (Quebec West and South)
Pottier
Robichaud
Ross (St. Paul's)
Senn
Sinclair
Taylor (Nanaimo)
Telford
Verville
Wilton
Winkler
Young—50.

(Quorum 15)

BANKING AND COMMERCE

Messieurs:

Baker
Bennett
Blair
Cahan
Clark (York-Sunbury)
Coldwell
Deachman
Donnelly
Dubuc
Duff
Dunning
Edwards
Euler
Fiset, Sir Eugène
Fontaine
Fournier (Hull)
Fraser
Harris
Hill
Howard
Hushion
Jacobs
Jaques
Kinley
Lacroix (Beauce)
Landeryou
Lawson
MacDonald (Brantford)
Mackenzie (Vancouver)
McGeer
McLarty
McPhee
Mallette
Martin
Maybank
Moore
Perley (Qu'Appelle)
Perras
Plaxton
Quelch
Raymond
Ross (Middlesex)
Rutherford
Stevens
Thorson
Tucker
Vien
Ward
White
Woodsworth—50.

(Quorum 15)

PUBLIC ACCOUNTS

Messieurs:

Ahearn
Anderson
Barry
Beaubien
Betts
Black (Châteauguay)
Blais
Blanchette
Bothwell
Brooks
Cameron (Cape Breton)
Casselman
Church
Douglas
Dussault
Elliott (Kindersley)
Factor
Ferland
Fleming
Fournier (Maisonneuve)
Fraser
Glen
Golding
Goulet
Grant
Graydon
Leader
MacKinnon (Edmonton)
MacNeil
McCann
McDonald (Pontiac)
McKinnon (Kenora)
McLean (Melfort)
Marshall
Mullins
Needham
Patterson
Purdy
Rickard
Rowe (Athabaska)
Slaght
Stewart
Streight
Taylor (Norfolk)
Thauvette
Tremblay
Turgeon
Verville
Wermenlinger
Wood—50.

(Quorum 15)

AGRICULTURE AND COLONIZATION

Messieurs:

Beaubien
Beaubier
Bertrand (Prescott)
Black (Châteauguay)
Bouchard
Boulanger
Casselman
Clark (Essex)
Cleaver
Cochrane
Coldwell
Davidson
Donnelly
Douglas
Dubois
Dupuis
Evans
Fafard
Fontaine
Fraser
Furniss
Gardiner
Golding
Gosselin
Graydon
Hayhurst
Lacombe
Lalonde
Leader
Leclerc
Lennard
MacKinnon (Edmonton)
MacLean (Prince)
Macphail
MacRae
McKenzie (Lambton)
McLean (Melfort)
McNevin (Victoria)
Mitchell
Motherwell
Needham
Patterson
Perley (Qu'Appelle)
Reid
Rennie
Rhéaume
Roberge
Robichaud
Ross (Middlesex)
Ross (Moose Jaw)
Rowe (Dufferin)
Senn
Spence
Stirling
Taylor (Norfolk)
Thompson
Tomlinson
Turner
Ward
Weir—60.

(Quorum 20)

STANDING ORDERS

Messieurs:

Baker
Barry
Bertrand (Prescott)
Brunelle
Denis
Fleming
Heaps
Isnor
Jacobs
Leclerc
McCuaig
Plaxton
Poole
Pottier
Rowe (Dufferin)
Rutherford
Thauvette
Thompson
Turgeon
Turner—20.

(Quorum 8)

MARINE AND FISHERIES

Messieurs:

Brasset
Brooks
Brunelle
Clark (Essex)
Duff
Farquhar
Ferron
Fiset, Sir Eugène
Gauthier
Green
Hanson
Hill
Kinley
Lapointe (Matapedia)
MacLean (Prince)
MacNeil
MacNicol
McCulloch
McDonald (Souris)
Marcil
Michaud
Neill
Pelletier
Plunkett
Pottier
Reid
Rickard
Ryan
Stirling
Taylor (Nanaimo)
Telford
Tomlinson
Tustin
Veniot
Ward—35.

(Quorum 10)

MINES, FORESTS AND WATERS

Messieurs:

Black (Yukon)	Johnston (Bow River)
Blais	Lacroix (Beauce)
Bradette	Little
Campbell	MacKenzie (Neepawa)
Cochrane	MacLennan
Crerar	MacMillan (Mackenzie)
Crète	MacNicol
Esling	McDonald (Pontiac)
Farquhar	O'Neill
Ferguson	Parent (Quebec
Green	West and South)
Hamilton	Patterson
Hanson	Plunkett
Hartigan	Roberge
Hayhurst	Stevens
Hill	Sylvestre
Hurtubise	Taylor (Nanaimo)
Hyndman	Tremblay—35.

(Quorum 10)

INDUSTRIAL AND INTERNATIONAL RELATIONS

Messieurs:

Barry	MacInnis
Betts	MacKenzie (Neepawa)
Black (Yukon)	MacNicol
Blackmore	Macphail, Miss
Church	McGeer
Crète	McIntosh
Deslauriers	McIvor
Dubuc	McKay
Gladstone	McLean (Simcoe)
Grant	Martin
Hartigan	Massey
Hill	Neill
Howard	Perley, Sir George
Howden	Perras
Isnor	Rogers
Jean	Rowe (Athabaska)
Lacroix (Quebec-	St-Père
Montmorency)	Tucker—35.

(Quorum 10)

DEBATES

Messieurs:

Chevrier	McIntosh
Esling	McNevin (Victoria)
Finn	Marcil
Gauthier	Perley, Sir George
Hall	Pouliot
MacKinnon (Edmonton)	Ryan—12.

(Quorum 7)

PRINTING

(Members to act on the part of the Commons)

Messieurs:

Chevrier (Stormont)	McIntosh
Damude	McKenzie (Lambton)
Denis	Mills
Dussault	Mulock
Ferron	Purdy
Hansell	Ross (St. Paul's)
Hurtubise	Taylor (Nanaimo)
Hushion	Tustin
Lapointe (Matapedia)	Veniot
MacKinnon (Edmonton)	Weir
MacLean (Prince)	Wilton—23.
McGregor	

THE LIBRARY

(Members to act on the part of the Commons)

Mr. Speaker and Messieurs:

Blackmore	MacKinnon (Edmonton)
Blair	MacNeil
Blanchette	Macphail, Miss
Bouchard	Mallette
Cameron (Hastings)	Parent (Terrebonne)
Chevrier (Ottawa)	Raymond
Duffus	Reid
Emmerson	Rennie
Hyndman	Walsh
Johnston (Lake Centre)	Winkler—21.
Lennard	

Mr. ELLIOTT (Middlesex) moved that the report be concurred in.

Motion agreed to.

POWERS OF COMMITTEES

Hon. J. C. ELLIOTT (Postmaster General) moved:

That the select standing committees of this house shall severally be empowered to examine and inquire into all such matters and things as may be referred to them by the house and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Motion agreed to.

CANADA-UNITED STATES TRADE AGREEMENT

Right Hon. W. L. MACKENZIE KING (Prime Minister): I desire to lay on the table copies in English and in French of a tabulated statement of tariff changes under the Canada-United States trade agreement, signed at Washington on November 15, 1935.

BUREAU FOR TRANSLATIONS

PROPOSED BILL TO REPEAL 24-25 GEORGE V, 1934, CHAPTER 25, RULED OUT OF ORDER

On the order for introduction of bills:

Mr. Pouliot—bill intituled "An act to repeal 24-25 George V (1934), chapter 25, an act respecting the Bureau for Translations."

Mr. SPEAKER: With reference to this bill, I suspended my decision yesterday, and I have considered this matter most carefully and am prepared to render decision in the matter.

There are only two clauses to this bill:

1. Chapter 25 of 24-25 George V is hereby repealed.
2. Hereinafter each translator shall be under the head of the department concerned.

Under standing order 76, every clause of a bill must be considered by the committee of the house in its proper order. If clause 1 of the proposed bill were passed, the result would automatically be the abolition of the positions

of nearly all the translators in the civil service, as they have been practically all absorbed by the bureau for translations.

When the house would reach clause 2 of the bill, there would be no bureau for translations. New appointments would have to be made if each department were to do its own translating. Clause 2 therefore provides for the appointment of additional civil servants. Such a bill cannot be introduced by a private member. Its introduction must be moved by a minister of the crown on the recommendation of the governor general, and it must be preceded by a resolution in committee of the whole.

I may quote as a precedent a ruling of Mr. Speaker Rhodes who on May 17, 1918, decided that a motion to amend a bill so as to provide for the appointment of additional government officials is out of order as it involves an increased grant of public money.

On March 17, 1933, Mr. Jean moved for leave to introduce a bill to amend the Bankruptcy Act so as to provide for a joint superintendent of bankruptcy. Mr. Speaker Black moved it out of order on the ground that the bill provided for the appointment of an official and would therefore entail a charge upon the revenue. Such legislation, he stated, could be introduced only by a minister on the approval of the crown.

Another element which places this measure in the category of money bills is that its adoption would mean the transfer of the authority under which appropriated money is to be spent. The translators' salaries have been voted as part of the estimates of the Secretary of State's department. This was done by resolution in committee of supply and it was subsequently embodied in the appropriation bill. When money is voted, the main conditions imposed on its expenditure are embodied in resolutions. All the circumstances concerning its destination form part of the appropriation with which they are considered, and if any alteration is to be made it must be by the same process as the original resolution.

A money bill is defined in the British house as a public bill which contains only provisions dealing with, inter alia, the "custody" of public money. The custody is undoubtedly the placing of an appropriation under a certain minister. The translators' salaries, which cannot be separated from the proposed bill, have been placed in the custody of the Secretary of State, and the bill provides that it be given to several other ministers.

Sir Wilfrid Laurier, speaking on an alleged money bill in the session of 1911-12 (Hansard, column 3633-3641), said:

[Mr. Speaker.]

The time when we should dispose of the manner in which the money is to be expended is when the money is appropriated and therefore it should be first of all introduced by resolution where any objections which may properly be urged against the resolution should be urged.

This opinion of Laurier goes to show that the circumstances under which an expenditure is to be made are indivisible from that expenditure. The choice of the minister responsible for paying out the money is a material condition of an appropriation, and in order to change it the house would have to amend the principal clauses of a money bill.

I am therefore of the opinion that the proposed measure has all the earmarks of a money bill and cannot be introduced by a private member. I declare it out of order.

ELECTIONS AND FRANCHISE

APPOINTMENT OF SPECIAL COMMITTEE TO STUDY AND REPORT ON AMENDMENTS TO ELECTIONS AND FRANCHISE ACTS

Hon. ERNEST LAPOINTE (Minister of Justice) moved:

That a special committee, the members thereof to be selected at a later date, be appointed to study the Dominion Elections Act 1934 and amendments thereto and the Franchise Act 1934 and amendments thereto and to suggest to the house such amendments to the said acts as they may deem advisable, and, furthermore, such committee shall study and make a report on the following subjects:—

(a) The proportional representation system;
(b) The alternative vote in single-member constituencies;
(c) Compulsory registration of voters;
(d) Compulsory voting;

and that the said special committee have power to send for persons, papers and records, to examine witnesses under oath and report from time to time.

He said: Mr. Speaker, this resolution is self explanatory and requires very little comment. I think hon. gentlemen will agree that if changes are to be made in the election laws of the country it is better that they should be made in the first days of a parliament rather than immediately before an election, because then there are suspicions of ulterior motives.

The committee to be appointed will consider the recommendations made by the chief electoral officer and the franchise commissioner and will study any suggested amendments to these acts as they are to-day. That is general. The four subjects which are mentioned do not subtract anything from the general aspect of the question. The proportional representation system is the first subject to be sent to the committee for consideration. This has been discussed and debated in this house on

various occasions, I must say with indifferent success as to the support it has been given. The other method, the alternative vote in single member constituencies, seems to have enlisted more favour on the part of hon. members, to such an extent that at one time or another both major parties have proposed it in some form. As Minister of Justice in a former government, prior to 1930, I introduced a bill to establish the alternative vote in single member constituencies, but the bill had to be withdrawn because it met considerable opposition and would have kept the house sitting for a very long time. Then last year, just before the expiration of the last parliament, a proposal was made in the form of a bill to experiment with the alternative vote system in one province, Saskatchewan. The objection raised at that time was very strong; first that it was late in the day, and second that it was thought undesirable that there should be a special system of voting in one part of the country which would be different from that in other parts of the country. I submit, however, that immediately after a general election is a propitious occasion for the consideration of the whole question of both systems, proportional representation and the alternative vote in single member constituencies.

As to the two other questions that are submitted, compulsory registration of voters and compulsory voting, these were referred to the other day by my right hon. friend the leader of the opposition (Mr. Bennett). They are in force in Australia. I do not know that they are applied in any other country. It would be of interest to have the committee study them and consider whether the conditions in that country could be applied with the same success, if there has been success, to Canada. However, I submit this motion to the house, and if it is carried we will select at a later day the members to serve on the committee.

Hon. H. H. STEVENS (Kootenay East): I should like to ask the hon. gentleman a question before he quite concludes. I notice that the resolution limits the number of subjects that the committee may consider to the four enumerated. Does that preclude the committee from considering any other type or form of voting than those mentioned?

Mr. LAPOINTE (Quebec East): The idea is to make it as general as possible, and I think the first part of the motion will permit that.

Mr. STEVENS: As long as that is understood.

Mr. LAPOINTE (Quebec East): It is understood.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I heartily agree with what the minister has said as to the desirability of a committee considering possible amendments to the Franchise Act and the Dominion Elections Act at the beginning of a new parliament. The hon. gentleman will perhaps recall, as will the house, that owing to the census having been taken in 1931 many matters of this kind could not be dealt with until it was possible to determine upon a redistribution measure. The circumstances in connection with the introduction and passing of the Franchise Act are known if not to all hon. members of the house at least to some; for from time to time we had been endeavouring to secure some form of lists in this country for elections. We abandoned the preparation of lists something like twenty years ago, except just prior to an election, and now that we have reverted to the method that prevails in Great Britain and other countries, the method that formerly prevailed here, I think it is important that we should have a report made to this house as to whether or not this method has been found satisfactory.

As to the methods of voting, as long as the committee has a free hand to consider such methods I do not see any particular objection. The enumeration of three particular methods, with a suggestion as to compulsory voting, may have the effect of directing attention to them only; it will be observed that the resolution provides that the committee shall study and make a report on "the following subjects," and then these subjects are set out. However, from what the minister has said I take it that if it is thought desirable by the committee that the scope of its activities should be enlarged, that may be done without coming again to the house. There is one other matter that I suppose can be discussed without its being specifically referred to in the motion, and that is the date of elections. It will be recalled that as the law now stands the election day is fixed for a Monday, and owing to one Monday falling upon a holiday —not a general holiday as is provided for in the act, but a holiday to certain people in this country—we were compelled to postpone the election for a whole week. I suppose we can consider that as something that arises out of the submission of the franchise act and elections act to the committee.

The minister has not indicated anything as to the number he might have in mind for the committee. That may or may not be important. I thought probably he would have referred the whole matter to the com-

mittee on privileges and elections, but perhaps under all the circumstances a special committee will obtain better results and give the matter more consideration. As long as it is clear that there is no limitation proposed or intended by specifying particular subjects, and that the fullest possible opportunity will be given the committee to consider every matter that arises out of the operation of the franchise act and the elections act, I heartily support the submission of this matter to a special committee.

Mr. LAPOINTE (Quebec East): Would my right hon. friend give me his views as to the number of members who should sit on the committee? I think it should be a fairly large committee, in order to give representation to all the provinces and the various sections in the house—perhaps nearly thirty; twenty-nine or twenty-eight? I am told that the last committee consisted of twenty-nine members.

Mr. BENNETT: As long as the quorum is fixed low enough. It has been found necessary I observe in other legislatures dealing with public matters recently to provide for a small quorum because of the difficulty of getting attendance. As long as the quorum is reasonably low I think a committee of between twenty and thirty would be satisfactory.

Hon. CHARLES MARCIL (Bonaventure): I quite agree with the proposal that this matter should be introduced early in the life of the parliament. We have made many attempts since confederation to get a proper basis; we have amended the law over and over again, both as regards the franchise and as regards the composition of the house. As I see it, there are two most important features to be considered. One is that we have in this parliament a large number of members who represent a minority of the electors in their constituencies. That should be remedied, so that the man who is elected represents an absolute majority of his constituents. The other is that we should aim to place upon the voter a sense of responsibility, a realization that the election of a member of parliament is a matter of concern not only to the candidate, but that the elector himself is called upon at that time to fulfil the greatest obligation and duty which devolves upon the citizen, the election of a government to administer the affairs of the country. That will give the new committee plenty of work, and I hope that a change will be brought about so that a large vote may be assured and that those who are elected will really represent the people of their constituencies.

[Mr. Bennett.]

Mr. HARRY LEADER (Portage la Prairie): May I ask the Minister of Justice (Mr. Lapointe) whether there will be any opportunity when the bill is presented to discuss and correct any irregularities that occurred in the last redistribution bill? I venture to suggest that the minister be not too decided in his answer. I wish a loophole could be left so that we can discuss some glaring irregularities which should be corrected. I agree that these matters should be discussed not on the eve of an election but before there is any thought of an election.

Mr. LAPOINTE (Quebec East): The subject mentioned by my hon. friend, if it is to come before the house, would be better dealt with by a separate committee, because I am afraid it would be discussed more from a political angle than the various subjects which are being referred to this committee. It would be quite a different question. I do not say it should not come before the house and be submitted to a committee, but it would have to be considered quite independently of the subject matter of the present motion.

Motion agreed to.

PENSION REGULATIONS

CHANGES IN MAXIMUM MONTHLY HOSPITAL ALLOWANCES FOR CERTAIN CLASSES OF EX-SOLDIERS

On the orders of the day:

Mr. W. P. MULOCK (York North): I wish to direct a question to the Minister of Pensions and National Health (Mr. Power) in reference to dispatches appearing in the newspapers this morning to the effect that drastic cuts are being effected in payments to ex-soldiers in hospitals. Would the minister be good enough to tell the house whether the statement carried in the press to the effect that lower hospital allowances to war veterans and ex-service men other than privates come into effect as of March 1, and if so can he give us some information on the subject.

Hon. C. G. POWER (Minister of Pensions and National Health): The reports carried in the press, although quite true, are perhaps of a nature to alarm needlessly the interested parties. The situation is this: from the termination of the war down to the present day any ex-soldiers who were taken into hospital on account of their pensionable disabilities were immediately placed on pay and allowances of the rank which they held during their service in the army. That is to say, a private soldier was placed on pay and allowances approximately equal to those which he received

as a private soldier in the army, and a general or colonel was placed on the pay and allowances of the rank which he held in the army. The divergence has always appeared to me to be pretty wide, and after considerable study the officers of the department and myself came to the conclusion that perhaps at this time, twenty years after the war, we should not perpetuate the system of pay according to rank which existed during the war. So that by order in council which comes into effect March 1, an attempt is being made to equalize in some degree the rates being paid. Under the present system, which will be changed on March 1, a private soldier when he goes into hospital receives $45 per month. If he has a wife and say six children his pay can run to $137 per month. After March 1, he will still receive $45 if he is single and $137 if he is married and has six children. There is no change whatsoever made in the rate of pay to private soldiers. At the present time a colonel, if he is single when he enters the hospital, receives $228 a month. After March 1, he will receive $127. At present a colonel who is married and has six children receives $288 a month; after March 1 he will receive $219. For a major general—which is perhaps an extreme case, though if I may be permitted I might say that we did have in the hospital some years ago a gentleman who, at the rate of pay he was drawing together with the pension he received from the militia department, was being compensated at the rate of about $14,000 a year for lying in the hospital with a very minor ailment—

An hon. MEMBER: He would never get better.

Mr. POWER: At the present time a major general in hospital receives, if he is single, $670 a month, and if he is married and has six children, $722. It is proposed through this order in council, which is to become effective on March 1, that a major general who is single will have to get along on $195 per month, while if he has a wife and six children he will receive $287. Those are the rates which will become effective on March 1. In no case has the rate of compensation for private soldiers, who compose 90·7 per cent of the hospital population, been touched. However there are perhaps some adjustments which might be made with respect to persons who have been in hospital for some considerable time. A sudden or drastic cut in their allowances might effect some hardship. We are prepared to go into that question. If it is shown that delay is necessary in order that readjustment may be possible, perhaps that could be arranged. The other ranks, however, other than private soldiers, will in no case receive less than if they were placed on one hundred per cent disability pension less the usual amount deducted to cover partial cost of maintenance. That is to say, the amount of money which they receive while they are in hospital will never be less than if they were outside hospital on a one hundred per cent total disability pension, less $30.00 per month.

With respect to other sections of the order in council in question, there has been some misunderstanding between officers of the department and officers of the Canadian Legion, chiefly with respect to the interpretation of certain phrases, and to the definitions of certain legal terms contained in the order in council. It is my hope, in fact I am quite confident, that after some discussion with officers of the legion it may be possible to iron out these difficulties. It will be found that, with the exception of the decrease in pay and allowances I have pointed out, the order in council does nothing more than clarify and carry out existing practice?

The following table summarizes the figures I have given:

Maximum Monthly Hospital Allowances For Certain Classes

	Present rate	Rate, Mar. 1, 1936
Private—		
Single..	$ 45	$ 45
Wife and six children.. ..	137	137
Colonel—		
Single..	$228	$127
Wife and six children.. ..	288	219
Major General—		
Single..	$670	$195
Wife and six children.. ..	722	287

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Experimental farms, including investigations concerning plant diseases, $2,015,900.

Mr. MacNICOL: I should like to ask about the number of experimental farms in each province. I note that there are two in Prince Edward Island, two in Nova Scotia, one in New Brunswick, six in Quebec, two in Ontario, in addition to the experimental farm for all Canada here in Ottawa; two in Manitoba, six in Saskatchewan, two in Alberta and four in British Columbia. Then there are additional stations doing somewhat similar work, one of which is in Quebec, two in Saskatchewan, four in Alberta and one in British Columbia. I am wondering on what

basis experimental farms are allocated to the various provinces. With the exception of the one in Ottawa, which serves the province of Quebec and in fact all of Canada, as well as Ontario, we have in this province only two small experimental farms.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Chairman, the hon. member is inquiring as to the basis of distribution of experimental farms, in view of the fact that there are only two in Ontario, two in Nova Scotia, and so on?

Mr. MacNICOL: There are six in Saskatchewan.

Mr. GARDINER: The reason there are not more in Ontario is that work of that kind for western Ontario to a great extent is done by Guelph college, which is supported by the provincial government. Much of the work done by the experimental farms in other provinces is done for Ontario at the college I have mentioned. There are three different ways by which the department brings information and develops lines of education in different areas; one is by establishing such stations, another by establishing demonstration farms or illustration stations, and the third by establishing experimental farms. If the entire list is studied it will be found that posts of one kind or another are distributed throughout all the provinces, and that they assist by carrying on work somewhat similar to that done at experimental farms.

Mr. COLDWELL: Does this item include an appropriation for the forestry farm at Indian Head?

Mr. GARDINER: Yes, for the two stations, one at Indian Head and the other at Sutherland.

Mr. COLDWELL: I understand that only recently the department has established experimental reforestation areas in Saskatchewan. What arrangements if any have been made for their supervision?

Mr. GARDINER: The hon. member's question could be more properly discussed under another vote. There will be a special vote in the supplementary estimates providing for rehabilitation work. It is under that vote that these protection belts have been established in different parts of the prairie provinces, particularly in the drought areas. I would suggest a discussion when we reach the vote I have mentioned.

Mr. COLDWELL: Very well. One other question: I have heard complaints regarding the wages and working conditions of men working on the experimental farms. For instance last year the average wage at Indian Head was twenty-one cents per hour on a basis of a ten hour day for eight months of the year, amounting to about $2 per day, or less than $50 per month. In Saskatchewan, where housing and heating arrangements are costly, that is considered too low. The rate of wages set by the provincial authority varies from thirty-five to forty cents an hour in the towns. These men live in the town of Indian Head, and the government is paying twenty-one cents an hour. If the men desire meals I understand that at harvest time they have to pay twenty-five cents for a meal, which is a very serious consideration. Does the minister know about that situation?

Mr. GARDINER: This matter was brought to my attention some little time ago by the hon. member for Rosetown-Biggar (Mr. Coldwell), and I found that the minimum rate paid for labour at Indian Head was twenty-one cents an hour. Of course there is this to be taken into consideration, that the labour employed is paid at about the same rate as is being paid by farmers in that particular area, but I am not so sure that the rate is as high as it might be in view of the fact which was brought out, that at certain times it is necessary for the individual to have his meals at the farm, and in such cases he is required to pay for them. I am not entirely satisfied that the rate of twenty-one cents is as high as it might be, in view of the fact also that the labourer is required to have his meals at home at other times, but that question is being inquired into and will be dealt with in a way that I believe will satisfy the people locally and others that a wage is being paid which compares favourably with the rate of wages being paid by farmers in the surrounding districts.

Mr. BEAUBIER: Are these men employed the year round at a fixed rate of wages, or are they laid off in the fall after the rush of work? Is their employment only seasonal? The same condition prevails at Brandon experimental farm that my hon. friend from Rosetown-Biggar (Mr. Coldwell) has just mentioned, and the answer to his question with regard to wages is equally applicable to the Brandon district.

Mr. GARDINER: The question my hon. friend raises is one of the matters that should be taken into consideration in deciding whether this wage is sufficiently high. But this is just casual labour, and as I know casual labour upon the farms it is usually more highly paid

than labour employed throughout the year. The rate paid for expert labour throughout the year I understand is somewhere around thirty or thirty-five cents. The pay of the casual labourer is somewhat lower, and that is a matter that might be given some consideration.

Mr. PERLEY (Qu'Appelle): May I ask who sets the rate? Is it the department, or is it left more or less to the local superintendent or farm officials?

Mr. GARDINER: The department and the superintendent confer with regard to the matter and the rate is governed partly at least by the prevailing rate in the community. Some of the permanent employees are more likely to be men with some technical knowledge, and they are probably paid more because of that, but the man who is picked up casually for a job that needs to be done is probably to be compared with the ordinary labourer in the community.

Mr. VENIOT: May I ask the minister a question for information? I understand what an experimental farm means, but I do not understand the functions of an experimental station. Would the minister explain the difference between the two?

Mr. GARDINER: Perhaps what the hon. member has in mind is the substation.

Mr. VENIOT: Yes.

Mr. GARDINER: The method followed is this: The department chooses in a community a man whom they think capable of carrying on experiments that will be helpful to others in the community. The department pays a rental for a man's farm, and directs the work which is carried on by the farmer on that part of his farm. He is required to take instructions, and then he is entitled to the whole crop, I understand, that is produced as a result of the work so carried on. The work is done for the benefit of the people in the community who can come and see the experiments being carried on.

Mr. VENIOT: I thought that was a demonstration farm. There are three categories, I understand—the experimental farm, the experimental station, and the demonstration farm.

Mr. GARDINER: The illustration station is conducted somewhat on the same basis except that only a part of the farm is used instead of the whole farm as under the substation plan.

Mr. PERLEY (Qu'Appelle): What progress is being made in developing a rust resistant wheat? Have there been any developments in that direction?

Mr. GARDINER: The matter of rust resistant wheat is something which becomes of interest periodically in western Canada. I remember three outstanding years during the time I have been in the west when we had great destruction of crop as a result of rust, and after each one of those years there was strong agitation for the development of a rust resistant wheat. We experienced very little success in that direction until the last ten or twelve years, during which there has been a decided effort on the part of the department to develop a rust resistant wheat, working in cooperation with agricultural colleges on both sides of the line, provincial authorities and others. A few years ago, I think it was while the hon. member for Melville (Mr. Motherwell) was Minister of Agriculture, he emphasized the importance of the development of rust resistant wheat, and secured funds with which to set up a laboratory at Winnipeg. That laboratory has been operating since. Certain lands have been set apart on which wheats have been developed. These wheats have been distributed to the experimental farms, at Indian Head and elsewhere, and to agricultural colleges, and certain developments have taken place. I understand that as a result of those developments, there originated three strains of what are generally recognized to-day as rust resistant wheats which are now in the course of development. It has been fairly well established by the experience of last year, when we had one of the worst attacks of rust the west has experienced, that at least three of these strains are likely to be rust resistant. It is not the intention, so far as these strains are concerned, to give them wide distribution until the fall of 1937. Those who are familiar with the distribution of wheats in western Canada will recall that there was some difficulty in the distribution of Reward wheat because of its having been distributed while it was still affected by loose smut. The department is anxious to avoid any such difficulties in connection with the distribution of rust resistant wheat. The wheat will probably be distributed in the fall of 1937, I assume in the usual way, a few bushels being sent here and there to farmers who are interested in having it. They will grow a crop from it, and that crop will be for sale to other farmers to sow on their land, so that eventually it will be sown fairly widely over the west.

There is a wheat called Thatcher wheat which is being brought in from the state of Minnesota, where it was developed. It is being sown this year by some of the farmers

in western Canada. The department has taken some action to assist the farmers to get this wheat across the line, but is not taking any part in the real distribution. The wheat is being applied for by the farmers and is being brought into western Canada to be sown. No doubt this will prove of assistance in carrying the farmers over until next year when a distribution of these other wheats will be made.

Mr. COLDWELL: Has the minister any information regarding this rustless wheat that is coming in from the Dakotas?

Mr. GARDINER: That is the Thatcher wheat.

Mr. PELLETIER: Is there anything in this item to cover the control of noxious weeds, or is that matter dealt with by the federal department?

Mr. GARDINER: The control of weeds is carried on almost entirely by the provincial governments. Legislation is passed from time to time and the provincial governments work in cooperation with the municipalities in the control of weeds. All this department does is to carry on a certain amount of research work at the experimental farms.

Mr. BRADETTE: Mr. Chairman, every time during the past ten years when this vote has come before the committee I have protested against the treatment given my section of the country. I had a certain amount of support in my protests from 1926 to 1930, but from 1930 to 1935 I received very little, although I was promised a lot. I am asking for an increased expenditure for the Kapuskasing experimental farm. When the twenty million dollar public works program was inaugurated two years ago I was told by the then Minister of Agriculture, Mr. Weir, that a certain amount of money would be expended on buildings on that farm. I know the situation at that farm and I do not have to go to any officials for information. I believe the officials there are the best in the land. The minister must know the situation. During the war the land upon which the farm is now located was cleared by German prisoners of war. These men were quartered in shacks which at that time were probably fairly comfortable, but some of these shacks are still being used to house the workingmen on the farm. I really believe the cattle are better housed than the workingmen. Surely a certain amount of money could be voted to erect buildings more suited to human habitation. This experimental farm is the only one in northern Ontario and Quebec and it serves a new agricultural population of nearly a quarter of a million people. I believe the minister is aware of the fact that the last census shows that the growth in population was greater in northern Ontario than in any other part of the country. I contend this farm should receive more consideration than it has received in the past. I believe the minister will be astonished to learn that there is no adequate barn accommodation on that farm. Everyone knows the kind of weather encountered in that part of the country when the crops are being gathered. With no barn available losses will be incurred in gathering the early crops. Surely it is possible to provide a decent barn.

If the estimates of any department are increased, it should be those of the Department of Agriculture. The settlers in these new sections are entitled to the benefits of an experimental farm. Wonderful work has been done at this farm, work which has proven beneficial to the entire country. An increase in the work of this farm would, I believe, be the best means of taking fifty per cent of our farmers off direct relief. Three years ago the federal government placed a poultryman on this farm. This young man continued to work for three or four months. He gave lectures in all sections of that country in an effort to give the settlers an idea of what could be accomplished by raising poultry. There is a fine domestic market for these products in that section of the country. Many of these settlers went ahead and built hen coops and bought other equipment at considerable expense, but without any explanation whatsoever, either to the man or to the settlers, this poultryman was withdrawn. Upon making inquiries at the department I was told that this man was fully qualified for the work he was doing, but without any explanation he was withdrawn. If this was done because of economy, I believe it was false economy. Many of these settlers still have uncompleted hen coops which they started on the advice of the federal government. The government is being penny wise and pound foolish when it takes such action as this. All the people in Canada benefit from the work carried on at these experimental farms. I believe the minister is fully acquainted with northern Ontario and Quebec. I am not asking that millions of dollars be expended; all I am suggesting is an expenditure of about $10,000 or $15,000 so that the men who work on this farm can be housed in a decent manner and the administration of the farm may not have to surmount the difficulties it has to face at the moment.

Mr. GARDINER: I should like to point out that the total expenditure provided for the Kapuskasing farm is $42,000, which compares very favourably with the expenditures being made at other places. As a matter of fact, in only a few cases is the amount more than that. The total vote under this item is being decreased by only $18,000, which decrease is comparable with what is taking place in connection with votes for other branches. I understand that there are three log cabins on this farm and probably there was some reason for complaint as to their fitness for living quarters. However, three new cottages are being constructed by the Public Works department. These would not come under this vote, but I understand that the estimates for that department provide for $1,200 to complete these cottages. I understand that there are barns on the farm, but as they are not considered to be sufficient for the purposes, another barn is being requested. Up to date the department has not seen fit to construct this other barn as we have no money with which to do the work. I think we are doing as much at this point as is being done at other points throughout Canada, I understand that so far as the poultryman is concerned an effort was made in the department a year or two ago, and that effort is being continued, to remove so far as possible any duplication of the work in connection with agriculture as between the provinces and the dominion; and the work that is being done by some of these officials, one of whom I understand is the gentleman under discussion, is really considered to be provincial work. Some of these men were removed in so far as the federal staffs are concerned, and it has not been the intention of the department to reestablish them, but rather to place the responsibility for that work upon the province.

Mr. BEAUBIER: Reverting to the subject of rust resistant wheat, a Mr. Orchard, who farms north of Brandon, had a crop of wheat of about fifty acres in which there was no rust. That was not at all a common condition in the vicinity of Brandon, as rust affected all wheat crops very badly there. I took the matter up with the manager of the experimental farm, Mr. Tinline, informing him that there were fifty acres of wheat which had no rust upon it. It so happened that an official of the seed department at Ottawa whose name I cannot now recall was visiting the Morden farm, and Mr. Tinline called me up and I went out with him and viewed this crop of wheat. There was no rust perceptible on that wheat, which this gentleman from Ottawa identified, I think, as No. 27 and it appears that the experimental farms had been experimenting with this particular wheat to see if it was not rust resistant. Afterwards the experimental farm, I suppose through orders from Ottawa or some place, bought that man's entire crop. I should like to know what information, if any, the minister has about that. It appears that the experimental farm bought the entire crop and had it threshed at their expense, and they are taking it over, I understand, for distribution for seed from that farm.

Mr. GARDINER: Of course there was very little opportunity prior to last year, since the department has been attempting to develop this particular strain of wheat, to have it really tried out, and the strain that is spoken of is one of the strains developed at the laboratory in Winnipeg. When these wheats are put out to the experimental farm some trouble is taken by departmental officials at the farm to see that the wheat is not removed in any way whatever from the farm. Of course it is always possible for persons who live in the vicinity, or even persons who are travelling by plots on the experimental farm, to gather some of the heads or to take samples of it and perhaps make experiments of their own and develop crops on their own land as a result of having done so. Probably it was as a result of something like that that we got into difficulties in connection with Reward wheat. Reward wheat was found to be shown at exhibitions before the department really knew that it had been distributed, and some investigations were made with regard to that. Of course care is taken in the development of all these strains. It was found that this field of wheat in the vicinity of Brandon was a rust resistant wheat; the wheat was examined into as indicated by the hon. member for Brandon (Mr. Beaubier) and was found to be the same strain as that which is being developed at the laboratory in Winnipeg. As a result the department took steps to see that this wheat was all purchased so that the distribution will be made from the department and in the proper way. The wheat was all secured by the department; it is under the control of the department now, and will probably be used in connection with further experimentation down to the fall of 1937, when general distribution will be made.

Mr. NEEDHAM: I am not quite clear about the minister's reference to a distribution of rust resistant wheat in 1937. Will any

of the three kinds that we are experimenting with in the dominion be ready for distribution for seeding this spring?

Mr. GARDINER: No, none of it will be available for distribution this year. The purpose of the department is to bulk this wheat during the next two sessions and to have sufficient of it to permit rather general distribution over the western provinces in the fall of 1937.

Mr. COLDWELL: May I ask another question of the minister with regard to wheat? I have read several articles, I believe by a Professor Hanson attached either to North Dakota State college or at least to one of the American colleges, on experiments with perennial wheat. Is the department doing anything with regard to experimentation with perennial wheat, and if so is there an appropriation here, and to what extent have the experiments been successful?

Mr. GARDINER: Yes, some work is being done, with the idea of producing not grain but hay.

Mr. MacNICOL: I would like to pursue a little further the line of questioning I started earlier in the afternoon. The minister, in his reply to a question I asked about the number of experimental farms in the various provinces, remarked that in western Ontario the provincial government's experimental farm at Guelph is being used—I understood— by the federal department of agriculture. I assume also that the provincial government's experimental farm at Kemptville is also being used. Does this department compensate the Ontario government or its experimental farms for the service rendered to the federal department of agriculture? The federal government apparently has only two experimental farms of its own in Ontario, one at Harrow and the other at Kapuskasing.

Mr. GARDINER: Some funds are provided for special work carried on for this department at the college at Guelph and on the farm at Guelph, but generally speaking this department does not take responsibility for the work that is done there. There is cooperation as between the college and those who are connected with the farm there, and the officials of the department. I think that cooperation has been carried on quite successfully over a term of years. But no considerable part of the cost of running the farm or institution at Guelph is supplied by the federal government.

Mr. COLDWELL: I would like to ask the minister, Mr. Chairman, if this appropriation contains any grant for laboratory or experimental work in connection with the universities where some of this work is done; if so, are these grants being maintained, increased, or decreased? I have in mind a recent article by Doctor Cora Hind, who stated that on her recent tour through Russia she found that there were something like eight hundred agricultural laboratories fully equipped, with hundreds of scientists working on agricultural products. Whatever we may think about the Russian experiment, of this we have to take notice, that we shall be faced ultimately with competition from the fields of that particular country. I was wondering if we are keeping our experimental and laboratory work up to a standard which will enable us to keep in the forefront of agricultural development.

Mr. GARDINER: The department has a chain of laboratories across Canada where work of the kind the hon. member has mentioned is being performed. Much of that work is being done here at the Ottawa station. Included in this vote is some $37,000 for cooperative assistance to provincial institutions. That vote is used for pretty much the same purpose; that is, as far as the province from which the hon. member for Rosetown-Biggar comes is concerned, certain work is carried on at the agricultural college at Saskatoon and this government cooperates, financially and otherwise, with that college in carrying on that work. Work of the type suggested is being done all the way across Canada.

Mr. COLDWELL: Are the grants being maintained?

Mr. GARDINER: Yes.

Mr. BARBER: I notice a decrease of $18,000 in this vote. Perhaps it would be interesting if the minister would give the committee the details of this vote and also the reason for the reduction.

Mr. GARDINER: Practically the entire decrease is accounted for by the fact that publicity work, previously done in this branch, has been transferred to the publicity section. I might read over the various items and give the reduction on each:

	Decrease
Equipment	$1,500
Land, buildings and works	1,884
Miscellaneous	5,773
Wages	7,111
Rents	3,538
Supplies and materials	4,700
Feeds, bedding, etc.	823
Transportation of things	2,665
Travelling expenses	3,020

There is an increase of $12,364.64 in salaries and, of course, the decrease in the other item

I mentioned, which does not show here as a decrease but which will be shown elsewhere in the estimates.

Mr. MacNICOL: Are any automobiles being purchased under this item?

Mr. GARDINER: Yes, there will be a few replacements of cars already in use that have gone their distance.

Mr. SENN: The minister mentioned an item called "miscellaneous." In that case he gave only the reduction, and I wonder if he would itemize that account so that we may have an idea of what it includes.

Mr. GARDINER: I am sorry I have not the itemized miscellaneous account.

Mr. SENN: Could the minister give us the main items under that account?

Mr. GARDINER: There is a list of headings, of course, such as salaries and wages, lands and buildings and so on. Expenditures under the miscellaneous headings are small current expenditures that do not properly come under any of these other headings.

Mr. SENN: I understand that different branches are provided for under this item. For example, there is the experimental farms branch, and in the auditor general's account we have the itemized expenditure from year to year. There is also a department of animal husbandry, a bee division, a horticultural division and so on down the line. What I was trying to get at was this: Are the expenditures of these different branches under this particular item kept separate or are they all mixed up in the auditor general's account.

Mr. GARDINER: The total votes under the different headings, according to division, are as follows:

Expenditures 1935-36—Experimental Farms System

Equipment	$ 82,487 00
Lands, buildings and works	42,029 00
Miscellaneous current expenses	70,503 00
Supplies, materials, feeds, bedding, etc.	185,350 00
Transportation of things	25,241 00
Travelling expenses	110,348 00
Salaries	636,994 86
Wages	755,596 00
Rents	44,823 00
	$2,034,549 86

Mr. SENN: There is a department of animal husbandry within this branch, as I understand it. Can the minister give the total cost of the operation of that branch, as separate from the operation of this whole division?

Mr. GARDINER: Our estimate this year for the animal husbandry branch is $50,000.

Mr. SENN: Is the minister able to itemize that?

Mr. GARDINER: Yes:

Equipment	$ 900
Lands, buildings and works	100
Miscellaneous current expenses	855
Salaries	1,881
Wages	34,164
Rents	700
Supplies and materials	8,000
Feeds, bedding, veterinary supplies	800
Transportation of things	800
Travelling expenses	1,800
	$50,000

Mr. SENN: While we are talking about this matter of animal husbandry, I understand that a year and a half ago the department purchased some hogs, known as Landrace hogs, from either Sweden or Denmark. I understand that since then they have been experimenting with these hogs, from which I believe Danish bacon is produced, and experiment is of very great importance indeed. Would the minister tell us just what progress has been made, whether the hogs are ready for distribution, and give all the details?

Mr. GARDINER: Some of these hogs were purchased in Sweden a little more than a year ago, and certain experiments have been carried on with them at the farm since that time, with the idea of determining whether or not they are suited to our climate, whether the feeds we have been using produce the same results as are obtained in other places, and generally whether it is wise to have them distributed in this country for breeding purposes. The hon. member will understand that a year's time is not sufficient to carry out these experiments. No general report has yet been made in regard to the experiments, but I understand that in the tests so far made the meat does show up as being a very acceptable product. The department, however, is not yet in a position to say that these animals should be distributed generally throughout the country.

Mr. SENN: Is this experiment being conducted in any other place besides the central experimental farm?

Mr. GARDINER: Three lots were sent out, to three of the western stations, Manitoba, Saskatchewan and Alberta, to determine whether or not these hogs would be suitable to weather conditions there.

Mr. SENN: I suppose during the year a number of them will have grown to maturity.

Can the minister tell us the feeding results and what gain they made? How do the gains compare with other breeds of hogs with which the department has experimented?

Mr. GARDINER: They have no detailed information that I can give the hon. member with regard to costs. So far as the experiment has gone they compare very favourably with our best Yorkshires, but there are some drawbacks in connection with which the department would like to make further experiments before saying they are equal to our Yorkshires.

Mr. MARSHALL: For 1935-36 the amount under this heading is shown as $2,034,549.86. Is that the amount that was actually expended or the amount of the vote in that year?

Mr. GARDINER: That is the estimate for last year, and at the moment we estimate that the expenditure will be a little under that.

Mr. MARSHALL: May I follow that with a further question? According to Appropriation Act No. 1 in the statutes of 1935, page 37, the appropriation under this heading was $1,937,898. On page 256 we find the same figure. There is a difference of $96,651.86. Could the minister explain that?

Mr. GARDINER: The explanation is that last year's amount is increased by the statutory increases less the five per cent deduction on salaries.

Mr. BROOKS: How much is allocated to each of the experimental farms in Canada?

Mr. GARDINER: The amounts are:

Charlottetown, P.E.I.	$37,000
Summerside, P.E.I.	17,000
Kentville, N.S.	58,000
Nappan, N.S.	43,500
Fredericton, N.B.	46,000
Ste. Anne de la Pocatière, Que.	44,000
St. Joachim, Que.	7,000
Cap Rouge, Que.	26,000
Normandin, Que.	16,000
St. Clothilde, Que.	8,000
Lennoxville, Que.	39,000
Farnham, Que.	14,500
L'Assomption, Que.	29,000
La Ferme, Que.	10,000
Kapuskasing, Ont.	42,000
Harrow, Ont.	40,000
Delhi, Ont.	8,500
Morden, Man.	45,000
Brandon, Man.	41,000
Indian Head, Sask.	42,000
Regina substation, Sask.	5,600
Indian Head forest nursery station, Sask.	30,000
Sutherland forest nursery station, Sask.	19,000
Rosthern, Sask.	17,000
Scott, Sask.	37,000
Melfort, Sask.	17,000
Swift Current, Sask.	40,000
Lethbridge, Alta.	52,000
Lacombe, Alta.	41,000
Manyberries, Alta.	28,500
Beaver Lodge, Alta.	16,500
Windermere, Alta.	13,500
Summerland, B.C.	49,500
Kelowna, B.C.	6,000
Agassiz, B.C.	38,000
Saanichton, B.C.	31,500
Substations.	14,000

Mr. SENN: When was the experimental farm at Delhi set up?

Mr. GARDINER: It is a tobacco substation, set up two years ago.

Mr. SENN: Can the minister tell us how much money is being expended on demonstration farms, and where they are situated? I do not mean that we should have the location of each one, but perhaps he can give the information by provinces.

Mr. GARDINER: The total for all the provinces is $72,000. I have not the amount itemized by provinces.

Mr. SENN: Could we have the number of stations?

Mr. GARDINER: They are as follows:

British Columbia	20
Alberta	20
Saskatchewan	47
Manitoba	16
Ontario	15
Quebec	49
New Brunswick	18
Nova Scotia	18
Prince Edward Island	13

The number in Manitoba, Saskatchewan and Alberta includes those which were specially set up in the drought area last year.

Mr. SENN: Just what is carried on at these demonstration farms? Does it vary with the different localities or is it all one line of agriculture that is being demonstrated?

Mr. GARDINER: In order to answer the question fully I would have to go right across Canada and deal with each of them separately; I do not think the hon. member expects me to do that. The object the department has in mind in connection with the stations is that of developing experiments in different soil and climatic conditions, and different products grown in the various parts of the country. For instance, where tobacco is grown there would be a station dealing with tobacco, developing experiments as to conditions under which it can best be grown. Experiments are carried on and investigations made in connection with fox raising in Prince Edward Island, and other investigations concerning other kinds of production right across

Canada. The type of station depends upon the type of agriculture carried on in the district.

Mr. BEAUBIER: Are there demonstration farms under the operation and control of any of the provinces?

Mr. GARDINER: A number of provinces have them, but I do not wish any information I may give to be considered complete. I believe there is one in Manitoba, one in Saskatchewan, one or two in Alberta, and quite a number in Quebec. I do not think Ontario has established any.

Mr. BENNETT: Is there not one at Kemptville?

Mr. BEAUBIER: Is it not generally understood that there is a great deal of overlapping of services in agricultural departments of the provinces and the dominion? Could there not be some line of demarcation whereby federal and provincial departments would not give the same service, thereby reducing the expense of operation both to the provinces and to the dominion?

Mr. GARDINER: Before coming to Ottawa I had always understood that there was considerable overlapping, and I had heard many discussions on the point. At the time of the dominion-provincial conference I was still more or less of that opinion. At the conference the whole matter was reviewed, first by branch heads of the federal department and afterwards by representatives from the provinces, and it was apparent that the provincial representatives had no complaints in this regard. I could find very little of what might properly be described as a duplication of work carried on by both federal and provincial departments. We are examining the situation and, from information I gave a few moments ago, I would judge the previous minister was doing much the same thing. Some of the overlapping was removed by eliminating certain employees, as I indicated a few moments ago.

Mr. LEADER: The cost of doing this work has many times been the subject of discussion throughout the country. I have been asked how it is that the provinces maintain so many demonstration farms when the dominion maintains experimental as well as demonstration farms. I am fully aware that the experimental farms are not self sustaining, and yet some revenue is produced. Looking at the auditor general's report for the last five years we find that the deficits on our experimental farms amount to $9,000,000. I would ask the Minister of Finance (Mr. Dunning) to consider that point; he might be able to effect an economy in this regard. I am not finding fault with the management of our experimental farms under either the last administration or the one that held office before that; I believe those farms have done much useful work. But in view of the fact that the work of the provinces and the dominion overlaps, I suggest that the government consider seriously turning the work over to the provinces. I do not mean that the dominion should forsake the work altogether, but I believe it could pay annually a substantial sum of money—nothing like $9,000,000, but perhaps as much as $500,000—to help the provinces carry on the work. In addition, I would give a bonus to experts who have developed many of our cereals and whose horticultural work has been beneficial to the whole dominion. The cost would not be great, but the expenditure would be an incentive to some of these men to complete their work and perhaps to develop something of material benefit to the dominion. There is a feeling throughout Canada that there is too much overlapping, and the dominion government would be well advised to leave the work to the provinces, the officials of which are most familiar with their respective soils and needs.

Mr. GARDINER: There must be some confusion in the minds of those who have made the criticism to which the hon. member has referred. So far as I know in the western provinces the demonstration farms are carried on as the result of activities of the federal, not the provincial department. The fact that these demonstration farms are scattered here and there throughout the provinces may have led some to the conclusion that they are provincial activities, whereas in fact they are federal. Until I came to Ottawa I was under the impression that the demonstration farm established at Lockwood, Saskatchewan, by the provincial government for the purpose of making demonstrations in regard to weed control was financed by the province, but since looking at the records here in Ottawa I found that it is financed partly by the federal government. In other words the work carried on in the provinces is financed at Ottawa.

I believe the suggestion to turn the work over to the provinces would not be kindly received. If I understand their condition correctly, if anything the provincial treasuries are in a little poorer condition than the dominion exchequer, and I doubt very much if the work could be carried on successfully at this time by the provinces. As was indicated by

one hon. member, research work is undoubtedly essential. Over ninety per cent of all agricultural research work done in Canada is done by the federal department. I think a continuance of the work is necessary, and at the present time I do not know of any place, with the exception of the dominion treasury, where it could be financed.

Mr. THOMPSON: Why is it necessary to have six farms and two stations in Saskatchewan, and six farms and one station in Quebec, when in Ontario, the greatest agricultural province in Canada, we have two farms and no stations? I note, further, that the amount of money spent in Ontario by the federal department is less than half the amount spent in some of the other provinces, despite the fact that Ontario pays approximately forty-five per cent of the taxes of the whole dominion.

Mr. McLEAN (Melfort): No, no.

Mr. THOMPSON: The province of Quebec pays about thirty per cent, making a total of seventy-five per cent for the two provinces. I should like to know why in Ontario we have only two farms.

Mr. GARDINER: When giving the explanation before I did not go very much into detail, but I think it will be obvious to all members of the committee that naturally the greater part of the expenditure on this kind of work is being made right here in the city of Ottawa, which is in the province of Ontario. The most complete plant that we have in the whole dominion is the experimental farm at Ottawa, and the most complete plant that we have, from a provincial point of view, in the whole dominion is at Guelph, which is the central western part of Ontario. With these two plants operating to the extent they are, and with the amount of money that is being spent on them, I think my hon. friend will agree that Ontario is receiving its share. Perhaps I might mention one or two items of work which is being done by the plant here, and being done in the interests of all Canada, although of course those who are nearest to it get the greatest amount of benefit. On botany, for example, the expenditure at the central laboratory and nine branch laboratories was $280,000. I could give other items which would indicate that the greater part of the money is really being spent in Ontario, in which my hon. friend has a particular interest.

Mr. THOMPSON: I realize that, Mr. Chairman, but I also realize that the money spent on the dominion experimental farm is for the benefit of the whole dominion, whereas the college at Guelph is a provincial institution. Ontario does not seem to be fairly dealt with so far as expenditure on experimental farms is concerned.

Mr. McLEAN (Melfort): A few moments ago an hon. member made the statement that there was a deficit of nine million dollars on experimental farms. Is that an accumulated deficit over the years since the experimental farms were established in the dominion, or was there a mistake in the statement?

Mr. BENNETT: I thought the hon. member said that the cost for the last five years was nine million dollars.

Mr. McLEAN (Melfort): "Deficit" was the word he used.

Mr. CLARKE (Rosedale): May I ask what amount was granted to the Guelph institution in 1935?

Mr. GARDINER: The amounts that are paid are not in the form of grants. It is cooperative work that is carried on in connection with soil surveys, and it would not represent, as I said before, any considerable part of the cost of carrying on the organization which they have at Guelph. I would not claim that this department is doing any considerable part of the work there. I thought I said that the expenditure was comparatively small, probably not more than four or five thousand dollars.

Mr. COLDWELL: How does the appropriation this year compare with, say, 1929? I am asking that because on a rough calculation the expenditure for experimental farms is just over one million dollars, and while that seems a large amount, I do not think this is the place to economize, particularly when we remember that in the estimates of another department which we were discussing the other evening there was an item of $300,000 for a subsidy to one shipping firm. So far as our stations in western Canada are concerned, it is a new country, and while we do not raise the greater portion of the revenues of this country, I would nevertheless take issue with the statement made a short time ago because we are undoubtedly paying very heavy duties in the way of tariffs and other exactions.

Mr. GARDINER: The estimated expenditure in 1929-30 was $2,369,000, and the actual expenditure $2,354,551.60, which is about $300,000 more than the estimate for this year.

Mr. McLEAN (Melfort): I wonder if the minister would answer now my question with reference to the alleged deficit of nine million dollars.

Mr. GARDINER: I heard the remark made by the hon. member for Portage la Prairie (Mr. Leader), but I have no records here by which to check the figures, taking it simply as a statement of revenue and expenditure. I should like to point out that it is imposible for anyone to determine whether there has been a loss or a gain through the expenditure on experimental farm work. You cannot simply take the expenditure that is made upon the farms and compare that with the proceeds from what is sold off the farm, because this is not an attempt on the part of the government to run a farm and demonstrate to farmers in the surrounding area that a farm can be run and made a financial success. That is not the intention at all. The intention is rather to carry on research and experimental work, and I would say that the research work carried on which led to the production of Marquis wheat resulted in vastly greater profits to the Dominion of Canada and greater possibilities of paying revenues than could possibly be measured by anything that might be charged up against the farms as a result of any work they did. The experimental farms are there for the purpose of trying to benefit all farmers in Canada and the dominion as a whole. We had in western Canada down to the middle of July last year, for example, one of the finest crops that anyone who has lived in western Canada has ever seen standing in our fields. Looking at that crop one could have asumed that we would harvest one of the greatest crops in bushelage in the history of western Canada. But between the middle and the end of July that crop was practically wiped out of existence over a considerable part of western Canada, all because of the fact that under certain climatic conditions the wheat which we had sown was subject to rust. We got those climatic conditions, and the result was that our wheat crop was practically wiped out over about one-half of the western provinces. If the development during the last twelve years of a rust resistant wheat results in there being sown in western Canada a wheat with the same qualities for milling purposes as, say, Marquis wheat, and which will produce the same volume per acre as Reward or Marquis wheat, no one can estimate either the deficit or the surplus in the operation of the station at Winnipeg which resulted in the production of that wheat. I would not attempt, therefore, to justify or to explain any statement to the effect that nine million dollars had been lost through the operation of our experimental farms.

Mr. SENN: We have been talking about demonstration farms. May I ask for my own information if they are the same as what are known as illustration stations?

Mr. GARDINER: I am informed that the demonstration farm as it is understood in the province of Quebec is not the same as that operated by the department. We operate demonstration stations which are conducted partly for demonstration purposes and partly for fact finding purposes. Some people call them demonstration farms, while others call them illustration stations.

Mr. SENN: The minister gave us certain figures with reference to the number of demonstration farms in Ontario, but I find in the report of the Department of Agriculture that quite a large number of illustration stations are scattered throughout the dominion. Was he referring to the illustration stations or to the demonstration farms?

Mr. GARDINER: There seems to be some confusion as to the terms; "illustration station" is the proper term.

Mr. COLDWELL: I asked a question just now, but I do not think the minister got it quite clearly. I think he said there were thirty-eight stations listed and that the expenditures would be just over a million dollars. Are the services being maintained at the same level as they were in 1929? I know that one or two additional stations have been started, such as at Delhi and other points in Ontario, but I want to know if the work is being kept up at the same level. The minister mentioned an amount of approximately $2,000,000, some of which was being spent for other purposes, but I am interested in seeing that these illustration stations and experimental farms get the needed support. I agree with the minister when he says it is impossible to estimate the value of the work carried on by these farms and illustration stations, and I disagree entirely with those who suggest that we should economize on these services.

Mr. REID: The fact remains that in British Columbia we have a considerable overlapping of experimental stations. Good results may be obtained from the farms in the prairie provinces, but I have yet to be convinced that good results are being obtained from those located in British Columbia. I suggest to the minister that he consider doing some forestry work in these experimental stations. The forests in British Columbia are rapidly being cut down and I suppose the time will come when there will be no trees. I know it has

been said that this is a provincial matter, but I think the dominion could undertake some forestry work in addition to the other work being carried on at these experimental stations.

Mr. COLDWELL: I wonder if the minister could answer the question which I asked before the last speaker rose?

Mr. GARDINER: The amount of work as indicated by the money voted is absolutely the same. Of course, there have been some changes. Some things which were done at that time have been discontinued while some of the things being done now were not done at that time.

Mr. SENN: Before this item is carried I should like to say that certain members indicated to me their intention of speaking on this vote. I have no objection to the item passing if the minister will assure the committee that if at any time an hon. member wishes to discuss this item, an item will be left open to afford that opportunity.

Mr. GARDINER: We have been wandering somewhat afield in connection with this item. As a matter of fact the last matter discussed really comes under the Department of the Interior. I have not placed any obstructions in the way of any hon. member who desired to go a little afield and I shall not do so if the item is passed.

Mr. LENNARD: How do the expenditures this year on the Vineland station compare with those of last year?

Mr. GARDINER: I am informed that the Vineland station is a provincial horticultural station; we do not operate it.

Mr. LENNARD: Is there no cooperation between the two governments?

Mr. GARDINER: There is cooperation in the work, but nothing is paid by this government in connection with that station except for entomological work which is carried on in a separate building.

Mr. SPENCE: I have listened with a great deal of attention to the observations made by hon. members and by the minister, whom I congratulate upon his ability to handle his case. I remember that when a previous minister was in office, the present hon. member for Melville (Mr. Motherwell), I criticized the extravagance of the Department of Agriculture; I claimed that this department was costing the country much more money than the whole thing was worth. Hon. members have risen in their seats to say that economy must not be studied here or must not be studied there, as it suited their own purpose, but I say that economy should be studied everywhere. The estimates for the Department of Agriculture have increased enormously in the last ten or fifteen years. I am not criticizing any particular government, but it seems to me that this department is the place where everyone can get a nice fat job and be able to live on the government. The present minister (Mr. Gardiner) will be lacking in form if he does not see that a lot of his friends are given jobs here and there. The number of employees is steadily increasing. I do not say that the activities of these experimental farms and demonstration stations should cease, but much of the work could be eliminated. We should let the people do some thinking for themselves. We are doing so much thinking for the people to-day that we are making them more stupid all the time. They are not depending upon themselves; they are depending upon the department to tell them how to build a chicken coop or how to do this or that. I contend that the people should do a little more for themselves, they should not be spoon fed all the time. Half the time spent in debating this particular item has been wasted. What we should do is economize. I should like the minister to compare the present cost of his department with what it cost a few years ago and also note the increase in the number of employees. The government is harassing the business world; even the farmers are bothered to death with inspectors who want to know this and that. I hope the minister will exercise a little economy and save the taxpayers some money. The taxpayer is being hit harder all the time. This country has gone wildly extravagant. If some of the people here had to earn the money that they advocate spending, they would not be so generous. The trouble is that most hon. members have not been brought up in the college of hard knocks. I have had to earn every dollar for myself, and I have very little left. I do not criticize the minister any more than anyone else. The minister has been getting his way, but that is what a minister should do. As long as the minister gives nice smooth answers, his estimates will all go through. But our agricultural representatives in the house think of nothing but agriculture; we in the business world get no consideration whatever, nor do people who are living in the urban centres. All the money is going to the farmers, and generally speaking we are not getting real results from it.

Mr. BRADETTE: Will the hon. member say whether he was in favour of an expenditure of a million dollars for the Toronto tunnel when the matter came up last April?

Mr. SPENCE: I was in favour of it, yes. You have to keep this country up to the standard of other countries. Toronto must be in keeping with similar cities in the United States. We did not get what was asked for in Toronto because this government came into power and threw out the appropriation, but some day we will get it. Do not forget that.

Mr. YOUNG: With one remark of the hon. member opposite (Mr. Spence) I entirely agree; that is that there has been too much spoon feeding in Canada. I suggest that the hon. member make that speech to our Canadian manufacturers.

Mr. SPENCE: Will the hon. gentleman please speak up so that I can hear him as he heard me?

Mr. YOUNG: I said I quite agree with the statement that there is too much spoon feeding in this country, and I suggest that the hon. member make that speech to some of our Canadian manufacturers.

Mr. SPENCE: I would do that too.

Mr. YOUNG: Because if anybody has been spoon fed it is that group.

Mr. SPENCE: The hon. member will agree with me that he and everybody else in his part of the country have been spoon fed for a long time.

Mr. YOUNG: I should like to explain to my hon. friend that we in western Canada do not know what spoon feeding means in comparison with the way in which he understands the term. If there is in this country anything to which we must pay some attention and spend money on, it is the item which the minister has been discussing this afternoon. There is no item which is of more importance to the whole Dominion of Canada. Rather than cut down on these expenditures I suggest that the amounts should be increased rather than diminished.

Mr. McIVOR: I should like to mention that there is in Ontario a district 700 miles wide which has not an experimental station. If we are going to progress in any line of life we must develop specialists. The hon. member for Saskatoon (Mr. Young) knows that medical science would be in the backwoods stage to-day were it not for specialists. We must not cut down on expenditures to get results that are going to help the men back on the land.

Mr. SPENCE: I do not wish to have any misunderstanding. I am not opposing anything to help the farmers, because I have a great admiration for them, but I think we are probably doing more than need be done, and if they were allowed to do some of the thinking for themselves they might be able to do better. They are not so foolish as some hon. members think they are. At any rate I hope they are not.

Mr. FAIR: As a practical farmer who has been out in the west for the last twenty-two years, I can say that the western farmer has come through quite a lot of hard times. Some of our friends here who talk of spoon feeding are the ones who, I believe, know most about it. They need to recognize a little of what the farmers have gone through. It might have been well if, even in those good times when prosperity was supposed to have come around the corner, they had gone out with all their past business experience and tried to make a success on a farm. It has been stated that Ontario is paying forty-five per cent of the taxes of the dominion. I would ask what percentage of the easy money of the dominion Ontario is receiving and has received for the past number of years.

Mr. SPENCE: In what way?

Mr. FAIR: Any way you want to take it. Figure it out for yourself.

An hon. MEMBER: Not social credit, anyway.

Mr. FAIR: I compliment the Minister of Agriculture upon the stand he has taken to-day and his ability to answer questions that have been put to him. I believe he is going in the right direction, because just as soon as you put the farmers out of business you put these hard-headed business men out of business. If you want to kill the goose that lays the golden egg, put the farmer out of business. Quite a number of hon. members who have spoken to-day are receiving their living indirectly off the farmers; and if they want to have something that is not good for them, then let them put the farmer out of business.

Mr. DOUGLAS: I do not like this phrase "we are thinking for the farmer." We should keep in mind that educational facilities are provided for perhaps every other class of business in the Dominion of Canada; we have technical schools and subsidized universities—

An hon. MEMBER: Too much of that.

Mr. DOUGLAS: —but practically nothing was done to put farming upon a scientific

basis until this work was taken up by the Department of Agriculture. To say that you are not allowing the farmer to think is nonsense. You cannot provide every farmer with a microscope; you cannot enable him to investigate the properties of mycelium; that must be done by specialists, as in all other business. This talk of thinking for the farmer is nonsense. Most of the farmers are taking the information that has been disseminated among them, learning wisely and profiting thereby. The Minister of Agriculture is to be commended for advancing these proposals with the object of helping the farming population.

Item agreed to.

Live stock, including assistance to fairs and exhibitions, $1,490,700.

Mr. BARBER: Will the minister give some information concerning grants to fairs? I notice there is a reduction in the item. Does this reduction apply to fairs, and particularly B class and regional fairs? Is it contemplated to reduce the grants this year?

Mr. GARDINER: Grants to fairs have been on a certain basis for some years: they have been changed from time to time. Last year they were, I think, as high as they have been at any time in the history of Canada. It is not our intention to continue them at the same level as they were last year. For example, in the A class fairs the cut will be $1,000; it will be made $4,000 instead of $5,000.

Mr. BENNETT: May I interrupt the minister to say that I think it would serve a useful purpose in the house, which has so many new members, if he would indicate what are classes A and B fairs, so that the members may be thoroughly seized of the whole situation, or at least understand more about the matter than they otherwise could.

Mr. GARDINER: Fairs have been classified into A class fairs and B class fairs in accordance with the work that is carried on by them. For example we have the fairs conducted in cities like Toronto, Regina, Saskatoon, Calgary, Edmonton, Brandon, Ottawa, New Westminster and elsewhere. I need not go over them all, but agricultural exhibitions of this kind usually are visited by breeders of stock and persons interested in agriculture generally from all over the dominion and sometimes from outside Canada. These persons, who are principally breeders of stock in a big way, exhibit at these fairs. Most of these exhibitions have means of producing revenue that are not open to the smaller fairs known as B class fairs. Fairs of the B class are held in smaller towns, sometimes even in what we would class as villages. They are a little closer to the farmer who is actually on the land, and they invite the people in that locality to exhibit what they have produced on their land.

The plan that has been followed in giving these grants is to provide a grant of from $2,500 to $5,000 to A class fairs. Last year it was possible for them to earn $5,000; for next year we propose to make it $4,000. The year before last the grant was $2,500, so it will be seen that the grant this year is $1,500 more than it was a year ago last summer and $1,000 less than it was last summer. As I understand the situation, until last year B class fairs always received a general grant of $1,500. Last year that grant was increased to $1,800, and in addition there was $200 for judging, $500 for boys' and girls' exhibits and $500 to provide for expenses in connection with developing regional areas in the vicinity of these fairs, making a total possible maximum grant of some $3,000. This year it is proposed to reduce that maximum to $2,500, which will be higher than in any year prior to last year but $500 less than it was last year.

One reason for the reduction is this: I believe it was thought by those in a position to know that the grant of $500 for boys' and girls' work was probably more than most of these fairs could earn. The experience of the past year has indicated that to be true, so that grant may be reduced to $250.

Mr. BARBER: Where does the other $250 reduction come in?

Mr. GARDINER: The reduction may be made in the general grant, back to $1,500. Grants to winter fairs, which we consider to be at least as beneficial to agriculture as any of the others, will be continued the same as last year.

Mr. THOMPSON: How much prize money is it necessary for a local fair to pay before it is placed in B class?

Mr. GARDINER: Until last year the amount was $3,000. Last year, for new fairs, it was $2,500.

Mr. SENN: Does the prize list have to be $3,000, or is it necessary to have $3,000 actually paid in prize money?

Mr. GARDINER: I understand that $3,000 is supposed to be actually paid in prize money.

Mr. BEAUBIER: Is it not the case that the contribution to A class fairs is based upon the amount of prize money donated by the fair itself? In other words, you will not pay them more than $4,000 this year unless the prize money actually arranged for amounts to a certain sum of money?

Mr. GARDINER: These are the maximum amounts.

Mr. McNEVIN: I should like to say that I think in many agricultural districts class B fairs serve an excellent purpose, and we should consider the matter very carefully before cutting down too much on class B fairs.

Mr. GARDINER: We have attempted to be as generous as possible with class B fairs as compared with previous years, with the exception of last year.

I should like to make a general statement to the committee as to our policy in connection with these fairs. Since coming into the department I have found some difficulty in arriving at a conclusion as to whether certain fairs should be given these grants. Quite different practices are followed in different parts of Canada, and I have asked the head of the branch concerned to visit different parts of the country and look into the matter. Already he has been in the maritimes; he has visited certain organizations in the central part of Canada and has been in Winnipeg, where he met those interested in the promotion of exhibitions. At the moment, however, we are not in a position to arrive at a final decision as to what ought to be done. My desire is to have established for the payment of grants to these different classes of fairs right across Canada a standard to which we can adhere and which will apply in an equitable way to these fairs wherever they may be held, at the same time giving, from an agricultural point of view, the greatest possible service to the people. With that end in view during the coming year we intend to investigate these different fairs right across Canada in order to try to arrive at some system of regulation and some method of paying the grants that will be generally satisfactory. So at the next session we hope to bring down some standard upon which this can be based, and it can be discussed then in the light of the information that has been gathered. At the moment I do not feel that the information I have been able to gather since coming into the department has put me in a position to arrive at a satisfactory decision with regard to this matter; I feel I should know more about it before coming to a definite conclusion.

There are one or two things, however, that I think should be mentioned. We find that there is more overlapping as between the dominion and the provinces in this activity than in perhaps any other, without having accurate information as to what the qther departments are doing. For example we find that in one province we were offering a maximum grant of $3,000 to class B fairs while the province was paying $1,000 to the same fairs. We feel that there should be some cooperation between the provinces and the federal government in arriving at a decision as to what the grant ought to be, and that before we arrive at a decision as to that we should know what is being paid by the various provinces. We pay the same grant all across Canada, but different provinces pay different grants, and we do not think this makes for equality of assistance to the different fairs. So we intend to gather all available information as to what is being done by the provinces and as to what are the needs of these various exhibitions and fairs; then we will bring down with regard to the payment of grants some method or policy which we hope will be satisfactory right across Canada.

Mr. LEADER: I should like to commend the minister for his action in making a general review of the fair situation in Canada. After ten years of exhibition work on the fair circuits of the dominion almost from coast to coast I can say that I do not know of any other place where there is more confusion, at least to the exhibitor than at these fairs, and we must acknowledge that without the exhibitors the fairs could not carry on. One of the greatest handicaps and most discouraging features about the fairs is the lack of uniformity in their prize lists and classifications. For instance some fairs will call for an aged herd, a bull and four females, all over two years of age. This necessitates a man carrying two cows and two two-year olds, and so on. Then the next fair he goes to he will be required to bring perhaps two females and a bull, or perhaps a graded herd which calls for a bull, cow a two year old, a yearling and a calf. When a man goes to the expense of getting a herd of cattle fitted for exhibition—and it is considerable expense —he wants to get all the prize money he can or he is out of pocket. This lack of uniformity in prize lists means that an exhibitor has to carry far more animals than he should have to carry. That is expensive. It acts as a hardship and a discouragement to young breeders in this way, that when an exhibitor carries two or more in one class he is going to exhibit them, and an experienced breeder

may take perhaps first, second and third, while the farmer who may have just as good an animal but not in as fit condition, gets only the tail end of the prize money. He has paid freight and the result is that he goes home out of pocket. This discourages the young breeder and he does not continue exhibiting. I know dozens of cases where this has happened. I think exhibitors should be discouraged from carrying more than one animal in each class, and I believe uniformity in prize lists would have that effect.

I am glad the minister has seen fit to undertake this investigation. I wish to take this opportunity of saying that I have no fault to find with the Hon. Robert Weir's administration of the fairs during his term of office. But I do not agree with his policy of regional fairs. In my experience it has not worked out to the advantage of the breeders, or of the fair boards for that matter.

I also wish to take this opportunity to congratulate the hon. member for Melville (Mr. Motherwell) upon his administration of this department. From my experience I would say that we never had a better policy in regard to our fair boards and exhibitions than we had under his regime.

Now may I ask the present minister whether it is the intention of the government to encourage the policy of regional fairs?

Mr. GARDINER: There is a difference of opinion as to whether the policy inaugurated in recent years of encouraging regional fairs should be continued. I understand in connection with the development of regional fairs in Quebec there is a policy which has worked out very successfully. In Saskatchewan there are two or three districts in which regional fairs have been established and in which the people consider the system is working well. I understand in the district represented by the hon. member for Portage la Prairie (Mr. Leader) the people are not so well satisfied. As far as I am concerned I have not yet had sufficient experience, or examined sufficiently into the activities in the different regions to enable me to formulate a final opinion. It was recommended to me at the beginning of the preparation of these estimates that if we were going to cut down we might cut down in that direction. But as a result of what I had heard in different parts of Canada I came to the conclusion that it might be a good thing to continue some encouragement at least of the regional fair idea during the coming season, and that our decision on the whole matter should be deferred until we make our final survey in regard to exhibitions and fairs during the ensuing summer.

Mr. STIRLING: I understand the minister to say that he does not propose to cut the amount for regional fairs this year?

Mr. GARDINER: Yes.

Mr. STIRLING: The cut is to be made partly in the amount allowed for junior farmer work and partly in the general vote?

Mr. GARDINER: Yes, that is correct in part. The way the grant is arranged at present is this: prior to last year the grant to class B fairs was $1,500; last year it was raised to $1,800. Then for regional fairs there was a grant of $500; for boys' and girls' club work, $500, and to assist in paying judges, $200, making a maximum of $3,000. The intention this year is to continue to pay the $500 to boys' and girls' clubs, or such part as the fair may be able to earn, and the grant of $200 towards the judges and the regular grant of $1,500 to all class B fairs. If they undertake the regional work it will be possible for them to get another $300; in that way there is a $300 grant to the fairs for regional purposes. So the total grant they can earn of $1,800 is the same as last year, but in order to earn that they must have the regional feature.

Mr. STIRLING: I understood the minister to say before that for the boys' and girls' work they had not always been able to earn the $500, and therefore a cut of $250 was to be made there. Now I understand that a portion of the cut is to be made in the general grant and a portion of it in the regional.

Mr. GARDINER: I was under a wrong impression in regard to the $500. It is possible to earn the $500 still for the boys' and girls' club work. I should have said that our experience is that very few of them earn it or are warranted in trying to secure it and that on the average they will probably earn only about $250. It is possible for them to earn a maximum of $500 but many of them will not be able to fulfil the conditions necessary to entitle them to that amount.

Mr. STIRLING: I hope the investigation that the minister is going to carry on will cause him to look kindly on this regional grant question. My experience is different from that of the hon. member (Mr. Leader) who spoke just now. I think the assistance towards regional competitions has been of great benefit. It certainly has been in the Okanagan valley in British Columbia. Years

ago we used to have small fairs dotted about the valley, but in recent years they have been concentrated in one fair, the North Okanagan Exhibition, held at Armstrong. This change has given great satisfaction. The regional feature of the fair has induced the farming population to come and see what can be done on such land. I want to know whether this treatment is being meted out to all class B fairs. For instance, is the cut equal everywhere, and are there any class B fairs which received grants last year but which will be cut out of the list this year?

Mr. GARDINER: They are all treated alike, and at the present time so far as we know none will be cut out.

Mr. THOMPSON: I have had many years of experience with agricultural fairs. No doubt it is the intention of the department to encourage farmers to produce good stock and good grain, and to bring exhibits to the fair. Of late years however a great evil has grown up in connection with country fairs, namely, the professional exhibitor. Some men will get a few head of cattle in good shape, put them in a truck and take them round the country from one fair to another, thereby taking the prizes from the farmers of those localities. These professional exhibitors come from no one knows where. Others are bringing in poultry from all parts of the country. These professional exhibitors go from one fair to the other, and in many instances they take away a great percentage of the prize money which should have been distributed among the farmers of the localities in which the fairs are held.

Mr. GARDINER: The regional fair idea was devised with the idea of trying to prevent the professional exhibitor from coming into a region and taking the prize money. That was probably the reason for the plan in the first instance. I understand that in the development of regional fairs in Quebec that difficulty has been fairly well eliminated, and any encouragement given to regional fairs is with the objective of bringing about the result the hon. member has in mind.

Mr. McNEVIN: I should like to commend the minister's idea of promoting a survey of fairs, because I believe through such a survey in certain instances the department might question the advisability of large grants. I believe, further, it would illustrate the point that even in smaller centres there may be fairs which would qualify for substantial grants. By the united effort of a large number of citizens in the constituency I have the honour to represent we have developed a successful fair. Although we are a centre of only about 8,000 population I think our fair would rate about fourth or fifth in attendance among fairs throughout the province, and I do not mean only class B fairs; I am including fairs in general, either class A or class B. We are keenly interested in securing a grant so that the fair may be kept up to its present standard. I extend an invitation to all hon. members to attend the Lindsay central exhibition next year.

Mr. DUFFUS: Will the grants being considered this afternoon be subject to any revision when the supplementary estimates are brought down? If not it would certainly be a matter of great discouragement to and serious hardship on fair boards which have already budgeted on the basis of the grant given them last year.

Mr. GARDINER: There is no intention of increasing the amount in the supplementary estimates. This is intended to be the total amount to be voted for this particular purpose. The grants I have indicated are those which would be payable under this vote, and there will be no change after it is passed. I understand some difficulty may be experienced by exhibitions and fairs which have already budgeted, but judging from the correspondence I have had I believe many of them have been waiting for the announcement made on the passing of this estimate.

Mr. MARSHALL: I wish to go a step further in discussing the point I raised a few moments ago. In the year 1935-36 the amount indicated in the estimate for this item was $1,695,062, whereas according to Appropriation Act No. 5, in the dominion statutes for 1935, the appropriation is $1,628,302, or a difference of about $67,000. The reason I raise the point is this: The total grant for agriculture in 1935-36 is shown in the estimates as $7,445,582.14, leading one to believe that the estimates for 1936-37 are about $328,000 less, whereas according to the statute we find that the grant was $7,025,105.94, indicating an actual increase this year, instead of a decrease. Would the minister kindly explain the difference of approximately $67,000.

Mr. GARDINER: The explanation lies in the statutory increase. As I understand the situation, one year ago when the estimates were prepared the intention was to deduct ten per cent from all salaries, a deduction which had been made because of the difficult times through which we were passing. During the year it was decided to deduct only five

per cent, leaving an additional five per cent of all salaries to be paid. I believe that accounts for the additional amount.

Mr. BRUNELLE: Most of the fairs in Quebec are known as county fairs; I should like to know what has been given to them. I imagine they would be class B fairs. I do not expect the minister to give definite figures, but I should like to have an approximate or average figure.

Mr. GARDINER: There are county fairs classed as class B fairs. All county fairs classed as class B fairs get the same grant as is received by class B fairs anywhere else. That is, last year it was possible for them to get $3,000; this year it will be possible to get $2,500. But there are in Quebec county fairs which are not class B fairs, and which are looked after by the province. Any grants given those fairs are given by the provincial government.

Mr. McCUAIG: I was particularly interested in the minister's statement that a survey was going to be made during the coming year with regard to grants to fairs because I feel that during the past few years the smaller towns have not been fairly treated. Referring to the fairs in my own county, during the last three or four years we have built buildings costing over $50,000, and yet when an application was made to enter the class B fairs we were told that we were a few hundred dollars short to qualify as class B. Had more money been paid out in prizes, the larger grant received would have more than made up the difference, I feel that it would be better if some sliding scale were adopted whereby the grant would vary in accordance with the class of fair, instead of a lump sum being paid, providing of course the fair comes up to a certain standard, and I would appreciate it if the minister would consider a sliding scale when this survey is being made.

Mr. THOMPSON: What classes of live stock will be eligible for grants under this vote which reads: "Live stock, including assistance to fairs and exhibitions"? I should like to know the amounts and how these grants are distributed.

Mr. GARDINER: The term "live stock" there applies to the branch of the department. This has to do with moneys expended in connection with grading and other work in connection with live stock throughout Canada.

Mr. SENN: There is a large reduction in this item, and perhaps the minister would kindly follow the course he took the first day his estimates were up and give us an itemized statement of the whole expenditure contemplated under this vote.

[Mr. Gardiner.]

Mr. GARDINER: For advertising and publicity there is no expenditure this year, as against $5,000 last year, a decrease of $5,000. The explanation is the same that I gave on the previous vote. That comes now under the general publicity branch. Communication services, $27,000— a decrease of $3,500; equipment, $74,700—a decrease of $6,000; grants, $544,834—a decrease of $118,391; buildings, $5,000—an increase of $5,000; that is for building an experimental pig testing station; miscellaneous, current expenses, $6,200—a decrease of $6,200; personal services, $518,301—an increase of $11,723, largely made up of statutory increases; professional services, $3,200—an increase of $200; rents, $7,500, the same as last year; supplies and materials, $54,145—a decrease of $15,000; transportation of things, $35,175—a decrease of $5,400; transportation of persons, $214,645—a decrease of $61,794.

Mr. POULIOT: What was the amount paid out in grants to county fairs since 1930? I understand that before 1930 the grant to county fairs was larger than it is now. What was the grant in the fiscal year 1930, and what is it now? Is it the intention of the minister to restore these grants to the former amounts?

Mr. GARDINER: So far as class B fairs are concerned, which I undertsand are the fairs to which my hon. friend refers, the country or county fairs, the general or regular grant was always the same, $1,500, down to last year, when it was increased to $1,800. With additional amounts which brought the total grant which might be earned to $3,000. This year we intend to reduce the total to $2,500, which will be $1,000 more than the general grant was prior to last year. That is for class B.

Mr. SPENCE: In the list of items which the minister read I noticed a substantial increase for personal services. Is that for more employees or something of that nature?

Mr. GARDINER: The amount for personal services is $518,301, as against $506,578. The increase is made up largely of the regular statutory increases, although there may be one or two individual salary increases.

Mr. SENN: The largest reduction was in the item of grants but the total reduction is not by any means accounted for by the reduction in grants to fairs. Will the minister give the committee the other items in which there are reductions?

Mr. GARDINER: There is a net decrease of $118,391. The decrease for field services is

$36,000; exhibitions, a decrease of $98,500; general grants, a decrease of $20,569. That makes a total of $155,069. Then there is an increase of $36,678 for market services, which makes the net decrease $118,391.

Mr. SENN: What is meant by general grants? Are they for small associations?

Mr. GARDINER: There are other small organizations of one kind and another to which small grants have been given; in other cases it has been considered that the grants have served their purpose and they have been discontinued.

Mr. SENN: May I ask which ones?

Mr. GARDINER: It would be very difficult to go over them all. They range from $25, $50, $75, $100, up to $200. I can get a list and bring them down if necessary.

Mr. BRUNELLE: The minister referred a short time ago to the country fairs but, as I understood him, his reference was to fairs serving small districts. Sometimes a county fair is much larger than the usual country fair and I should like to know what conditions have to be complied with before a fair is entitled to a regular allowance.

Mr. GARDINER: The question of whether a fair becomes a class B fair depends largely upon the amount of money expended for prizes and other purposes. There are some fairs that do not spend the same amount of money in prizes; these fairs receive no grant from the dominion, but they do receive grants from the provincial governments.

Mr. FAIR: I believe economy should be practised wherever possible, when it is not detrimental to the interests of those concerned. Henry Ford once said that we have lots of time to do everything except to make mistakes. I believe these grants should be kept up to the level of last year, particularly in the west. That part of the country has had six years of pretty tough times; in fact I do not think people in other parts of the country realize just what the people of the west have been through. Along with the rust spoken of by the minister, many of these districts have suffered from hail and other damage. The district which I have the honour to represent suffered from a severe frost which cut the value of crops at least fifty per cent, and reduced the yield by a like amount. In the interest of agriculture and live stock raising, these grants should be kept where they are. I have the honour of representing that great district of Lloydminster where several well known prize winners reside. I also have the honour of representing the district of Dina, in which reside Orlen Bratvold and Burney Nicholson, two young men who came to Toronto and took first prize in the swine judging competition. This achievement of no small character is largely due to the work of the fairs in that particular constituency. I suggest again that these grants be kept up to the 1935 level.

Mr. BENNETT: Mr. Chairman, in fairness to the predecessor of the minister I think it is only right to say that there is nothing new in this survey with respect to these grants being made to fairs. The regional fair policy was established because it seemed to be the one that appealed most to the various provinces. Whether or not it has worked out as satisfactorily as was expected, I am not expressing any view. At the time it was inaugurated it carried the judgment of those who were most interested in the matter.

Item agreed to.

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

The house resumed from Thursday, February 20, consideration of the motion of Mr Reid for the second reading of Bill No. 2, to amend the Railway Act (rates on grain).

Mr. J. G. ROSS (Moose Jaw): Mr. Speaker, when I adjourned the debate last night on Bill No. 2, I did so because I thought many hon. members from western Canada would want to speak on the bill when they realized the importance of it to the people of that section of the country. This bill does not ask for a change in railway rates; it asks only to have a full application of the Crowsnest rates westward as well as eastward. When in 1897 the Crowsnest rate was first brought into effect commodities shipped eastward from western Canada were given a stated rate under the Crowsnest pass agreement. At that time the rate for grain and flour was set at three cents below the regular rate of that time, and the agreement was that the rate would remain in effect for all time.

Later, during the war, that rate was suspended. In 1925 it was again put into effect by a government headed by the present Prime Minister (Mr. Mackenzie King). Some

people have argued that if we were to pass the bill we would affect the whole freight rate structure of Canada. That is not so. When by order in council in 1925 the government instructed the board of railway commissioners to look into this matter they asked that freight rates be equalized in the different parts of Canada. I have in my hand order in council P.C. 886 which at that time dealt with the Crowsnest pass agreement. I am going to read only that part of it which affects the bill. Speaking of the Crowsnest pass agreement, by order in council the government of that day said:

> The committee observe that the agreement in question was made at a time when the Canadian Pacific Railway Company was the only company having a through line of railway extending through the prairie provinces and British Columbia, and before the creation of the board for the control of railway rates under the provisions of the Railway Act of 1903, and subsequent acts. And further, that the underlying purpose of the rate control inaugurated by the Railway Act of 1903 was to do away as far as possible with all unjust discriminations and undue preferences, and to secure a fair and reasonable rate structure, which, under substantially similar circumstances and conditions would be equal in its application to all persons and localities.
>
> The committee are of the opinion that the policy of equalization of freight rates should be recognized to the fullest possible extent as being the only means of dealing equitably with all parts of Canada, and as being the method best calculated to facilitate the interchange of commodities between the various portions of the dominion, as well as the encouragement of industry and agriculture, and the development of export trade.

Then, in another paragraph I find the following:

> The committee are further of the opinion that as the production and export of grain and flour forms one of the chief assets of the dominion, and in order to encourage the further development of the great grain growing provinces in the west, on which development the future of Canada in large measure depends, it is desirable that the maximum cost of the transportation of these products should be determined and known, and therefore are of opinion that the maximum established for rates on grain and flour, as at present in force under the Crowsnest pass agreement, should not be exceeded.

The Crowsnest pass agreement in effect to-day between western points and Fort William and Port Arthur is a rate that carries grain, whether for export or for domestic purposes, to Fort William and Port Arthur. For many years I have been shipping grain from western Canada, and I can bill any kind of grain to my order at Fort William or Port Arthur, and there take delivery of the grain myself, or deliver it to anyone to whom I see fit. At the time this order in council was passed the government intended that the maximum rate should apply west, as well as east, and therefore if their intention had been carried out by the board of railway commissioners of that day rates on all grain and flour to British Columbia ports would have been the Crowsnest pass rates, whether for export or for domestic purposes. However, the board of railway commissioners of that day did not carry out the intention of the government. Let me read from a speech delivered by the then and now leader of the government (Mr. Mackenzie King), on this point:

> I would say to the house and the country that if this government remains in office it will not take the view of the order in council which my right hon. friend takes—

Upon that occasion he was replying to the Right Hon. Arthur Meighen.

> —but will regard that order in council as a direction to the railway commission as to how it expects this policy to be worked out, and will see that the policy is worked out in accordance with the terms of the order in council. The order in council sets out the government policy. It is a direction to the railway commission to equalize rates. That direction indicates how this government expects this policy of equalization to be worked out. And I would remind hon. members that there remains, as the commission itself well knows, an appeal from the commission to the governor in council with respect to matters of railway rates. This government has stated what its policy is with respect to the equalization of rates, and unless that policy is carried out in accordance with its intention—if this government is in office when the question comes up—and I have not the least doubt it will be—it will take care to see that the policy is carried out in the spirit and intent of the letter as expressed in the order in council itself.

The intention expressed in the order in council was that the Crowsnest pass rates should be extended to British Columbia ports—the same Crowsnest rates that were given to Fort William and Port Arthur. Therefore I claim that for the past ten years a right belonging to the people of the western provinces has been denied them by a ruling of the board of railway commissioners. This is a very important matter at this time, now that the trade treaty with the United States is in operation. Under that treaty it will be found that feed grains are allowed into the United States under a duty of ten per cent ad valorem. This means that feed grain shipped to Vancouver, Victoria, New Westminster or Prince Rupert can go into the United States, to Oregon, Washington and California, where there is a very large market for it. If this amendment is adopted it will mean that anyone will be able to take delivery of grain at terminal elevators in the western

ports. It does not mean that this rate will be applied to shipments to local points, but it does mean that at the terminal elevators on the coast anyone may take delivery of grain shipped under the Crowsnest pass rate.

As I have said, Mr. Speaker, in this amendment we are not asking for any change at all in the rate structure. No one can raise a quid pro quo in this regard, because this is a right we had under the Crowsnest pass agreement, and it is a right for which every western man in the house should stand up and fight, because it means an expanding market for the grain we produce on the prairies. I hope that when other western men in this chamber have spoken to the bill the government will seriously consider amending the act in this regard. It may be necessary, first of all, to send the bill to the railway committee, where all the facts may be gone into. Our position is that we have only a portion of the Crowsnest rate westward, only that portion for export, but that eastward we have the full Crowsnest rate that is spoken of in this order in council. By this bill my hon. friend is endeavouring to give back to us in western Canada a right which we have been denied for the past ten years.

Mr. BENNETT: I should like to ask the hon. gentleman a question. I did not wish to interrupt him during the course of his remarks. Do I gather from what he has said that he considers that rates on feed grain are any different now from what they were?

Mr. ROSS (Moose Jaw): The tariff rates, not the railway rates.

Mr. BENNETT: I am talking about the customs tariff.

Mr. ROSS (Moose Jaw): I believe the rate on feed grain is now ten per cent ad valorem.

Mr. BENNETT: It has been ten per cent ad valorem for years. If the hon. gentleman will look at page six of the document tabled to-day he will see that.

Mr. ROSS (Moose Jaw): I was not aware of that fact, but it does not alter the argument at all.

There is something else I did not say that has been brought to my attention by the remark of the right hon. gentleman (Mr. Bennett). There was a change in freight rates on grain to western ports, but that change has never been made effective by the board of railway commissioners. It was simply a voluntary change made by the railway companies, and they can alter that rate whenever they see fit to do so. So far no legislation has been passed and no order of the board has been issued putting that rate into effect. Therefore the rate is still 41½ cents per hundred pounds as against the export rate of 20½ cents.

Mr. BENNETT: I hope the hon. gentleman will not charge me with desiring to interrupt, but that is hardly correct. Any railway company may reduce its rates, and those rates become effective on reduction. The company cannot increase its rates, however, without the consent of the board.

Mr. O. B. ELLIOTT (Kindersley): Mr. Speaker, I was very glad to hear the hon. member for Moose Jaw (Mr. Ross) say that this bill would not disturb the present rate structure in any shape or form. I can substantiate what the hon. gentleman has said with regard to the alteration in rates which has not been submitted to the board of railway commissioners for approval. The rate is thirty-seven cents as against the regular rate of 48½ cents from Lloydminster, say, which is approximately the dividing line in connection with rates. As has been stated by the sponsor of this bill, the export rate from Edmonton or Calgary, is 20½ cents, while the domestic rate is 41½ cents. So it will be seen that there is a very considerable discrimination against British Columbia. It is stated, of course, that this 20½ cent rate, from the point of view of the railways, is for the purpose of subsidizing export trade.

There is also another feature of the transportation of grain for export; that is, that there always must be sufficient traffic from all points on the line so that if they have cars of fruit or the odd car of live stock, enough traffic will be available to provide full tonnage for their trains so they will not have to order out crews from any terminals to transport trains loaded with only half tonnage. If it should become necessary to alter the rate structure generally the railways might be compelled to curtail some services in order to make up the loss. The curtailment of these services, together with the possible abandonment of branch lines, would impose quite a handicap upon various parts of the community. It has been said that the rail service would be replaced by truck service, but experience has shown that where branch lines have been abandoned rates on commodities have more than doubled. The Grain and Feed Review of Minneapolis cites this instance:

> ...the grain rate by rail to Sioux City and the east was three cents per hundred from the farthest point on the line.

This line which had been abandoned was fifty miles long.

Now the rate is ten cents a bushel to Sioux City. Coal was laid down in the farthest town for twenty cents a ton, while at present truckers are offering to deliver coal to close-in points at $2 a ton.

There are other services maintained by the railways, such as their colonization departments, free of cost to the general public. At times they send their engineers to different business ventures of the country and give their services free. Special rates of course are given to meet competition, and I believe that with the increase in traffic which we are experiencing at the present time and which will possibly continue to increase, competition will compel the railways to reduce rates to a proper basis. The subsidy on wheat to British Columbia in order that export traffic in grain may be maintained is really paying a dividend to consumers in foreign countries so that they may consume our grain. If the people of this country had their revenue increased so that their consuming power would be greater our difficulties with the rate system would not be so acute. So I have no hesitation whatever in favouring this bill from the social credit point of view.

Mr. M. J. COLDWELL (Rosetown-Biggar): I am in favour of this proposal of the hon. member for New Westminster (Mr. Reid). He discussed the problem chiefly from the point of view of British Columbia; the hon. member for Moose Jaw (Mr. Ross) presented very ably the case for the prairie farmers. We regard this as a measure of justice not only to the people of British Columbia, but to the people who are producing grain on the prairies. This year it has become particularly apparent that the need for legislation of this kind is urgent. There were potential consumers of low grade grain in British Columbia, and on the prairies, for owing to rust and other climatic conditions, there were hundreds of thousands of tons of low grade grain. It seemed to us that it was an unsound principle that rates to the western coast for export should be considerably lower than to the Canadian consumer in British Columbia. Moreover I point out that a subsidy to the foreign consumer of our grain is in reality a subsidy to our competitors. By getting our low grade cereals carried to them cheaply, foreign producers of live stock, poultry and eggs, etcetera, may be enabled to produce at a lower cost than can people who live in certain parts of Canada. We have the same difficulty in relation to the farmers of Ontario, who are unable to get the freight rates which the distances would warrant in this province, as these rates are also on an export basis.

It seems to me that this whole problem is one on which the parliament of Canada should give a decision. I know it is sometimes said that this house should not interfere with the freight rate structure. May I point out that the Dominion of Canada is to a very large extent the result of transportation agreements made in days gone by. I bear in mind that British Columbia, as a condition of entering confederation, stipulated that transportation facilities should be provided to link that province with the rest of Canada. In the west we feel that we have paid, perhaps dearly, for the railways. Millions of acres of our western land were alienated in order to bonus various railway companies. Now the producers on the plains are asking for a measure of consideration from the body which alienated their natural resources years ago, and I am glad that the hon. member for New Westminster has brought in this proposal from the point of view rather of the British Columbia consumer than that of the western producer. This bill is in line with the agreement that was made with British Columbia as a condition of confederation, and we should adopt it not only from the point of view of British Columbia, not only from that of the prairie provinces but for the welfare and unity of the whole of this Dominion of Canada.

Mr. MALCOLM McLEAN (Melfort): I would have no desire to speak on this measure at this time except for one fact. Ten years ago in the house I recall some of my friends from British Columbia proposing a resolution asking that help be given to the poultry keepers of that province, and they made a strong argument for their case, pointing out among other things that poultry keepers there were handicapped by a climate somewhat harsher than that enjoyed by some of their competitors in Georgia, Florida and other southern states. To me their argument was not convincing, because I well knew that nature had provided poultry with protection against cold weather, but as far as I knew nature had not provided any ventilating apparatus for poultry kept in hot climates. Therefore I was regretfully obliged to tell them that I could not support their appeal for higher protection on eggs and poultry products. Naturally I had to look further into the question and see whether there was something else that might be a handicap to feeders of poultry and other live stock in the great western maritime province. I formed the opinion at that time, and

expressed it, that if they were able to buy their supplies wholesale and get them laid down at a lower freight rate than they were then paying this would help them a good deal more than if they were to secure some artificial protection. As I say, hon. members who at that time were representing British Columbia made a very eloquent appeal for that industry, and some went so far as to say that the poultry industry was dying and that unless it got this additional protection it could not last much longer. But figures given by other hon. gentlemen in the same debate showed that British Columbia was turning out a tremendous production of eggs right along, an increase of something like one hundred per cent in a few years; my memory is not certain as to the precise figure, but poultry production had been increasing very greatly.

I advocated then, as I say, that freight rates should be reduced. I went further and assured my friends from British Columbia that if they should introduce either a resolution, or better perhaps a bill, providing for lowering freight rates on grain and feed stuffs going into that province from the prairies I should be glad to lend them what support I could, sitting at that time on the government side of the house, as I am now, and they sitting on the opposition side. I recall very distinctly that on the occasion of that debate I was reproached by the then right hon. leader of the opposition, who made the statement that one of the leading ministers on this side had said that no reduction of freight rates could be given. It is true that the minister had said there was not likely to be any general reduction in freight rates. But this was not a general reduction we were pleading for; it was a specific reduction to do away with what many looked upon as an economic injustice to a large group of people in Canada. It may be that I do not attach quite so much importance to it from the standpoint of the prairie farmer as some of those do who have spoken before me, because the total amount of grain that would go from Saskatchewan or Manitoba to the western coast to be used in domestic consumption would not be very large; the percentage of the whole crop that was shipped in that way would not be great. We realize that the railroads of this country made a very reasonable bargain with the government of the day when they arranged for the Crowsnest pass agreement, but that was at a time when very little grain was being consumed locally by way of feed stuffs, very little being used for stock within the dominion. When the Crowsnest pass arrangement was negotiated nearly forty years ago, localities that are now asking for cheaper rates on grain were not producing live stock to anything like the extent they do now, and in most cases they were probably producing a large percentage of the food required within their own borders, so that domestic freight rates were not nearly so important as they have since become.

A few years after the discussion to which I referred in my opening remarks I enjoyed the pleasure of a trip in part of British Columbia, through the Fraser valley. By the kind invitation of the organized boards of trade of that great valley, conveyed to members for the three prairie provinces through the courtesy and kindness of the hon. member for what was then, I think, the constituency of Fraser Valley, I took part in a trip up and down through that district for about three days. I and those who went with me had an opportunity to visit poultry farms, dairy farms, general farms and farms where they made a specialty of growing rose bushes and many other special products of that great province. On many occasions in the course of that visit, speaking to farmers who were engaged in the dairy business, particularly, in the poultry business, I asked what their greatest handicaps were. I do not need to tell the house that none of them complained of the wonderful climate they enjoyed in British Columbia. That was one thing upon which they were unanimous: they were under no handicap as far as climate was concerned.

An hon. MEMBER: And the girls.

Mr. McLEAN (Melfort): Well, I had better say nothing about them. The farmers of British Columbia were under no handicaps as far as the growth of fodder was concerned. We could see the cattle wading in clover up to their knees. They had abundance of feed of that kind. The climate was mild, even in the winter time. But when it came to feed grain the farmers there had their difficulties because very often they were not able to buy in carloads or in large quantities, and so they were particularly susceptible to being compelled to pay too dearly for what they had to buy, regardless altogether of the freight rate. But it was so easy at times to lay a good deal of the blame on the excessive freight rate which they had to pay.

I would go further after asking that question, and inquire what other difficulties they had. Whether it was a coincidence I do not know, but I remember that no one quoted any other particular difficulty they had in feeding chickens and in feeding dairy cows than the

high cost of grain and the difficulty of getting it at a low enough rate. In the past five years, reading the proceedings of the house, I have been interested to see that that difficulty still remained, and at a time when grain was very cheap in the prairie provinces. Perhaps it would not hurt if I gave the average price of No. 1 northern wheat at Fort William during some of the last few years. I find that from January to July in the year 1931-32—that is the crop that was harvested in 1931—No. 1 northern wheat at Fort William was worth an average of 60 cents in January; 63 cents in February; 63 cents in March; 62·6 cents in April; 62·9 cents in May; 55·1 cents in June, and 54·7 cents in July of 1932. There were three or four years about that period when prices averaged somewhere about the figures I have quoted. If ever there was a time when feeders of dairy cows or of poultry in British Columbia should have been able to get feed of good quality, and lots of it, cheap, those were the years, for remember the prices I have quoted were the prices of No. 1 northern wheat landed in Fort William. But I noticed from the discussions in the house that the poultry keepers and feeders of British Columbia still had the same complaint. It is true the government of that day, through the then Minister of Railways and the railways themselves, negotiated an agreement which provided some remedy for the people of British Columbia who had to buy their feed. I am quite sure that they appreciated this, but I am afraid it does not go far enough. Not only does it not go far enough in terms of money, but just so long as an injustice of this kind is being perpetuated, just so long will people feel they are not getting fair play or fair treatment, and that will do perhaps more harm than the partial remedy that has been given them will help financially.

I have another reason for speaking in favour of this bill, and it is that I believe in many parts of Canada to-day we are suffering from unfair railway rates. No particular institution is to blame for that state of affairs—neither the board of railway commissioners nor the railways themselves, nor governments present or past. Railway rates are in a somewhat chaotic condition. I do not think they were ever made at all; like Topsy, they "just growed;" they grew into a state of confusion. No railway man is going to try to disentangle them; no minister of railways is going to try to rearrange them so long as this can possibly be avoided. But not until changes are made which will be more equitable to parts of the dominion which are now penalized, until imaginary miles are taken out in one place and real miles inserted in another, until freight rates are given somewhat on the basis of ton miles, will injustices be done away with in certain sections of the country.

I know that my advocacy to-night of even the measure introduced by the hon. member for New Westminster (Mr. Reid) is not going to go very far towards the end we have in mind, but every bit along that line helps. I am satisfied that if the railroad companies and the railway commissioners see that the Canadian people are determined to rectify what apparently is an injustice in so far as it compels them to pay more money for the service given than is asked from the people of foreign countries for the same service, these organizations will help to bring about what we ask.

Some will say that this will cause a great loss to the railway companies and that they are in trouble enough at the present time. I know they have been having their share of trouble. Various matters contribute to their difficulties, to the lack of revenues which they have been securing from their operations, but I am quite sure that the greatest handicap they have suffered under in the last few years is lack of tonnage because freight was not moving. In 1929, if my memory serves me aright, 137,000,000 tons of pay freight were moved by the railroads in the dominion. Two years ago only 67,000,000 tons of pay freight were moved. It is easy for anyone to see why the railroad companies are in difficulties, why railroad men are idle, why after having worked overtime and long hours day and night to keep up with the demands of the traffic, so many of them are laid off, and why to-day many railroad employees can hardly be said to hold a steady job even after twenty or twenty-five years seniority in some of the running trades. I am in favour of the principle of this bill; I am in favour of its details. I am not quite sure that it provides for all grain products in the matter of feed. I am afraid it is lacking in that respect, but as the bill stands, applying to grain and flour as it does, I want to support it.

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, I did not equip myself with the necessary details to speak authoritatively on this bill to-night, but so far as the principle of it is concerned some glaring inequalities have come to my attention, and for that reason alone I should like to draw two or three facts to the attention of hon. members.

An hon. member speaking a few moments ago spoke of the equalization of freight rates. Apparently, even though we recog-

nize that the agricultural products of western Canada constitute the bulk of the wealth produced in the west, we find that because of their geographical position our western people are discriminated against. There is a great deal more to be said about the equalization of freight rates, and the day will come when it will be recognized that as a matter of justice we shall have to equalize our freight rates.

One point that particularly struck me was that so far as eastern Canada is concerned there is a single freight rate, and we call that the rate to eastern Canada, but when we ship grain westward we find that there are two rates, an export and a domestic rate. The other evening when an hon. member was speaking another hon. gentleman interrupted to suggest that the railway companies were carrying grain at what they call the export rate to pay their out-of-pocket expenses. Of course, it is all very well not to lose money in doing business but the difference between what is called the export rate and the domestic rate is so great that surely we in western Canada should not be expected to bear entirely the burden of this discrimination. Not very long ago, simply because of drought conditions in the western states of the United States there appeared in the Canadian tariff books a feed grain rate to that republic to enable feed grain to be shipped to those drought areas. As I said at the outset, Mr. Speaker, I am not equipped with the necessary details to give comparisons of freight rates this evening, but I do know that feed grain rate was very favourable and it was established simply to help those people who had suffered from drought conditions.

It is admitted in the house that when we in western Canada ship our grain it is mostly for export; that not a very large quantity is consumed locally. That being the case we must take it for granted that the bulk of the grain of western Canada is being exported, and we find that British Columbia is really being discriminated against because of this difference between domestic and export rates. I can see no reason why those two rates should exist.

I find by the explanatory note that subsection 5 of section 325, to be amended, reads in part as follows:

—and to change and alter rates as changing conditions or cost of transportation may from time to time require, shall not be limited or in any manner affected by the provisions of any act of the parliament of Canada.

Note those words: "Change and alter rates as changing conditions or cost of transportation may from time to time require." A great deal of domestic grain is to-day consumed in British Columbia because of the growth of the poultry industry in that province, and I submit for the consideration of hon. members that apart entirely from the benefit which has been derived by western farmers we should consider the needs of this ever-growing industry in British Columbia.

In conclusion, Mr. Speaker, as a matter of fairness I can see no reason why the people of the west should be discriminated against by having two rates apply to them when only one rate applies to eastern Canada, and as a Canadian I would simply say that on grounds of fairness and equality I am entirely in support of this bill.

Mr. A. MacG. YOUNG (Saskatoon): Mr. Speaker, I rise to-night to say just a few words on this bill. In the first place I should like to congratulate its sponsor (Mr. Reid) upon the excellence of the arguments which he advanced. His arguments were clear; they were logical; they were forceful, and they were thorough.

One point which impressed me more than anything else was the fact that his argument had a ring of sincerity, and behind it all there seemed to be the feeling which he was expressing on behalf of the people of British Columbia, that they were suffering a real injustice.

It has been said that the House of Commons, constituted as it is, is not the proper place to discuss the whole complex matter of the freight rate structure, and I believe we are all agreed on that. But may I suggest that it was not the board of railway commissioners that settled the Crowsnest pass agreement. That particular part of the freight rate structure was settled by the house, and it seems to me that if what the hon. member for Moose Jaw (Mr. Ross) said to-night is correct—and I have no doubt of its correctness—it was ordered that any discrimination between east and west should be removed. The hon. gentleman went on further to say that grain could be moved to Fort William and Port Arthur and further east and sold there for domestic consumption, and that the rate on such grain for domestic consumption would be the same as the export rate. As I understand the law and the rules and regulations and orders in council that have been passed, it was intended that the same thing should apply to grain and flour moving westward. Now if that be true, what is the situation? This simply means that the domestic rate on grain and flour moving to our western ports should be the same as the export rate.

The hon. member for New Westminster the other evening gave to the house the export and domestic rates, and there does seem to be a very great discrimination. If parliament did order a certain rate, and the board of railway commissioners does not see fit to put that rate into effect, I suggest that parliament or perhaps the government has a duty to perform. I remember very well, as a former member of the house, speaking on the question of discrimination in freight rates. When the Crowsnest pass agreement was introduced it applied not only to the original lines of railway existing at the time but to all other railways constructed thereafter. It so happened that in western Canada on certain lines of railway there had been a discrimination of about two cents per hundred pounds on grain moving eastward, and the law of this country directed that the board should see that all these discriminations were removed. These discriminations were not removed immediately. From western Canada we sent east some of our ablest lawyers who argued this case time and time again. Some of us came to parliament and we found that this discrimination still existed. I remember that I advanced in the house the best argument of which I was capable against these discriminations. I even went so far as to say that if the board of railway commissioners did not see fit to carry out the laws over which they had jurisdiction, then we should see that the board was removed. The hon. member for Outremont (Mr. Vien), who spoke in the house the other night, was a member of the board at that time. If he were in his place this evening I would have pleasure in stating that he was one of those who believed that the discrimination should be removed. The fight was carried on to such an extent that the board of railway commissioners removed the discrimination.

If I am correct, and if the hon. member for Moose Jaw is correct in stating that there exists to-day a discrimination which is not intended under the law, I submit it is the duty of the board of railway commissioners to see that the discrimination is removed. One of the curses of this country has been the restrictions placed upon trade. Restriction of trade may be caused by too high a tariff; it may be caused by a manipulation of the tariff; it may be caused by manipulation of exchange or in various other ways. There is still one further way in which it may be caused, and that is by an unfair railway rate structure. I believe that to be true in the case of gasoline; I believe it to be true of the commodities which are the subject matter of this bill. If it is true, then we as a parliament have a duty to perform. If there are injustices, we should see that they are removed. What is this House of Commons for; what is this parliament for, except to make laws in the interests of the people of Canada as a whole? The people of British Columbia feel that they are suffering under a heavy handicap because they cannot get their poultry and stock feed at a price which seems to be fair. As the hon. gentleman (Mr. Reid) said the other night, our wheat can be shipped to Vancouver, then to Japan and reshipped back again to Vancouver for twenty-five cents per ton less than it costs to ship it to Vancouver under the domestic rate. I believe I have remembered the figures correctly. If they are right, surely something is wrong with our freight tariff. I rise to support this bill because I believe an injustice exists. My further observation is that we as a parliament should see that any injustice which does exist is removed.

Hon. C. D. HOWE (Minister of Railways and Canals): Mr. Speaker, this bill refers to a matter now on appeal to the governor in council. A case covering rates on the commodities mentioned in the bill was presented to the board of railway commissioners in January, 1935. A decision was rendered and I think the hon. member for New Westminster (Mr. Reid), on behalf of certain British Columbia interests took the appeal himself to the governor in council. That being so, I think it would be manifestly unfair for me to express any opinion as to the merits or demerits of the subject matter of the bill. I can assure my hon. friend that this appeal will be heard at the earliest possible date, probably shortly after the completion of this session. At that time the evidence heard by the commission will be studied, the representations of my hon. friend will be weighed against representations which may be made by other interested parties, and I am sure that a fair decision will be reached. As I say, it would under these circumstances, be quite improper for me to express an opinion of the bill, but I do not think it would be out of order for me to say something about rate making.

It has been stated two or three times during the debate that parliament is not the proper place to discuss railway rates as these matters are very technical. I know I am not qualified to discuss them and I doubt whether any hon. member is qualified to discuss the pros and cons of this intricate problem. This debate seems to indicate that the impression of everyone is that rates should be lower. That is quite natural and I would be much surprised if anyone other than the Minister

of Railways stood up in the house and suggested that it might be a good thing to have higher rates. However speeches of this kind give the people an idea that the railroads are being very unfair.

I might mention one or two matters which perhaps will show the other side of the question. A good deal was said about domestic and export rates on grain to Fort William being the same. Why Fort William? I would point out that Fort William is located 1,000 miles from the seaboard; it is 600 feet above sea level and is by no means an export port. It being nine o'clock I move the adjournment of this debate.

Motion agreed to and debate adjourned.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

RAILWAYS AND CANALS

Hudson Bay railway and terminals—
Construction and betterments (including E. B. Jost at $2,375), $217,500.

Mr. STIRLING: Would the minister give us some information as to what this money was spent on and the particulars of the $87,000 decrease?

Hon. C. D. HOWE (Minister of Railways and Canals): This is a capital vote for work at Churchill. It is intended to spend this year $84,500 on completing the capital work at the port and $133,000 on capital account on the railway. I may say that the port at Churchill has been under construction for a number of years and is now nearing completion. The reason why the vote for the terminal is much less than last year is the fact that we expect to complete this year all work on capital account.

In connection with the railway I may say that it is nearing completion. Of course the difficulty has been to find an equilibrium between the railway road bed and the icy conditions met in that northern country. Not nearly as much work remains to be done this year. There are several culverts to be filled and a certain amount of track lifting to be done in the swampy sections. There again, however, we are coming to a time when capital expenditures on the railway will be practically at an end, and when both the port and the railway will be in an operating state.

Mr. STIRLING: There is $84,000 to be spent on the terminal; what capital work remains yet to be done?

Mr. HOWE: I believe I made a mistake in giving my explanation; $84,500 is on the railway, and $133,000 on the terminal.

Mr. STIRLING: Of what does that consist?

Mr. HOWE: On the terminal there are dredging operations to complete the dredging of the basin, at a cost of $50,000 and an amount of $3,000 for the reconditioning of floating plants used in dredging operations. Then there is $7,000 for improvements to the roof of the freight shed. Probably I should say that the freight shed was built to Canadian National railway standards, but it was found that the high winds at Churchill rendered this type of construction unsuitable, and we plan to rebuild the roof to withstand weather conditions found at that point. Then, there is a building to house two Plymouth locomotives; this will cost $4,000; general supplies and equipment, $25,000; one-half of head office expense, $12,000; one-half of local office, $14,000; one-half of machine shop operating cost, $13,500; and settlement for land expropriated, $4,500, making a total of $133,000.

Mr. STIRLING: Will the dredging have to be carried on perpetually? Does the river bring down much silt?

Mr. HOWE: No; it is not anticipated that any further dredging will be required after this year.

Mr. STIRLING: Could the minister give us the number of ships that have used the port this year, together with information as to their cargoes? Last year they carried a good deal of merchandise other than grain; did they do that again this year? What wheat is there in the terminals?

Mr. HOWE: We had eight boats last year, and they exported a total of 2,407,000 bushels. One incoming boat had 2,582 tons of cargo made up of general cargo, window glass, barbed wire, steel balls, and bunker coal.

Mr. DONNELLY: Were any cattle shipped through that port last year?

Mr. HOWE: No.

Mr. DONNELLY: What is the insurance rate on boats coming into Hudson bay as compared with the rate to Montreal?

Mr. HOWE: It is roughly four times as much.

Mr. DONNELLY: Could the minister give me the figures?

Mr. HOWE: A ship and cargo from Churchill pays a total insurance of $7,875, and from Montreal the same cargo pays $1,812.50.

Mr. DONNELLY: What reduction in insurance has been made since the port has been opened?

Mr. HOWE: In 1931 the insurance was two per cent, and it is now cut to one per cent. In the same time from Montreal it has practically remained stationary at a quarter of one per cent.

Mr. COLDWELL: Would further aids to navigation assist in lowering these rates?

Mr. DONNELLY: What are the prospects for freight shipping out of Hudson bay next year? I noticed in the paper a few days ago that greater shipments out of Hudson bay were expected during the coming season.

Mr. HOWE: We have 2,300,000 bushels in the elevator now, but it is a little early to determine shipments. We anticipate a better year. Of course this depends to some extent upon rates on the great lakes. The rate from Churchill really compares with that from Fort William to Europe.

Mr. DONNELLY: Can the minister give me the freight rates on grain going from Hudson bay to Liverpool as compared with rates from Fort William to Liverpool?

Mr. HOWE: Does the hon. member mean for last season?

Mr. DONNELLY: Yes.

Mr. HOWE: It was two shillings and four pence halfpenny last season. The first season it was three shillings and nine pence. Last season however it was down to the amount I have mentioned.

Mr. BENNETT: About seven cents a bushel.

Mr. HOWE: Yes, that is roughly correct. In the same period it was one shilling and six pence halfpenny from Montreal. To that must be added the rate to Fort William which last year would average about four and a half cents a bushel.

Mr. DONNELLY: Is the Department of Railways and Canals considering any arrangement whereby they would be able to cut insurance rates on vessels coming into Hudson bay?

Mr. HOWE: That is governed by experience, more than anything else. As boats use the bay more and more, and as experience remains favourable there is no doubt rates will come down automatically. Unfortunately in the second year of operation the Bright Fan sank in the straits, an event which has had a marked effect in delaying a reduction of rates.

Mr. DONNELLY: What company insures? Is it Lloyd's?

Mr. HOWE: I believe it is Lloyd's, chiefly.

Mr. DONNELLY: Is British shipping insured with Lloyd's?

Mr. HOWE: I think Lloyd's is the chief agency; there may be others.

Mr. BENNETT: Private companies, including Lloyd's, the Alliance insurance company and many others, insure them.

Mr. HOWE: Yes. I might say that the rates are set by the Joint Hull Conference. That is an independent body, just as we have rate making bodies on this side, which checks and sets the rates which the insurance companies apply.

Mr. DONNELLY: Do we still have aeroplanes on the Hudson bay route to look for ice and broadcast conditions?

Mr. HOWE: No; we have not the aeroplanes but in the straits we have an icebreaker which keeps track of the ice. We also have a complete system of direction finding stations so that after a ship gets into the straits it is quite independent of compass readings. It can secure its position from shore stations at any point.

Mr. DONNELLY: Can the minister tell us the length of the season last year and whether any trouble was experienced with regard to ice, icebergs or anything of that kind?

Mr. HOWE: I might say that the low insurance rate, under which ships prefer to operate, commences August 10 and extends to about October 10. Last year all ships operated within that season. That is a matter fixed by the insurance companies; if it were not for that the season could be somewhat longer.

Mr. PERLEY (Qu'Appelle): Could the minister tell us whether the government is giving any consideration with regard to the storage rate on grain stored during the winter in the terminal there?

Mr. HOWE: No; I think under the circumstances the rates are fair. Of course this is a little different from a regular elevator on a regular grain route. The charge there is 1¼ cents for elevation, and then we follow the same principle as is followed in Montreal,

in having a higher rate during the season of open navigation than during the closed season. I believe the rate is one-twenty-fifth cent per day during the open season and one-ninetieth cent per day in the closed season, with a maximum of one cent for the period.

Mr. YOUNG: The minister spoke of the great variation in insurance rates as between the two rates. I have seen in the press statements—whether they are authoritative I do not know—by captains who say that the Hudson bay route is just as safe as the St. Lawrence one. Has the minister any evidence which would go to substantiate those statements that have appeared from time to time in the press?

Mr. HOWE: I have spent a good deal of time at Churchill, perhaps more than any of my officials and more than any other hon. member, and on several occasions I have talked with captains who have brought in ships. There is no doubt that ordinarily the trip is a very safe one. The Hudson straits are about seventy-five miles wide at the narrowest point, and they are very deep, so except for ice danger, which is more or less eliminated by keeping the icebreaker there, the trip is a very safe one. On the other hand it is an out of the way route; it is a new route, and it is perhaps from an insurance point of view subject to risks to which other routes are not. For instance, some question has been raised and I think there is still some question whether the Bright Fan met with an accident or whether there was some intent behind that loss. That sort of thing, of course, is more liable to happen there than on a route more frequently used. There were some strange features in connection with the Bright Fan, but I just mention that as a case in point from the insurance point of view. I have no doubt in the world, however, that after another season or two have gone by the rate will come down, provided nothing else happens in the meantime.

Mr. STIRLING: How does fog compare on the two routes for the ninety days during which navigation is open?

Mr. HOWE: I know of no particular fog condition at Churchill during the season. Of course we do have fogs in the St. Lawrence to some extent.

Mr. YOUNG: We have heard a good deal in this country about infant industries and their need for protection. Owing to the very high insurance rate on this route I should like to ask whether the government has considered the advisability of itself carrying the insurance on ships using the Hudson bay route until that route is more firmly established.

Mr. HOWE: Well, I cannot say whether that has been considered; certainly it has not since I have assumed office, but I doubt whether it would be advisable. This route has been constructed and I believe over a period of years it will develop naturally. I might remind you, Mr. Chairman, that the first grain elevator in Vancouver was completed in 1916 but that it did not handle its first substantial grain movement until 1923. I believe that as the transportation situation on the great lakes improves and as rates go up there will be a decided differential from certain points in northern Saskatchewan through Churchill that will send more and more grain there. I believe that if this route is allowed to develop naturally, with such reasonable help as may be given it, it will build itself into a port over a reasonable period of time.

Mr. DONNELLY: We have built this line of railway and western Canadians have great faith in this route; we still think it will be a success. During the last few days we have heard a good deal about subsidies to steamship lines running to China, to Hawaii, to New Zealand, across the Atlantic and in every direction, and I do not see why we should not give a little subsidy in order to develop our own route, by helping to lower insurance rates so that they will be more comparable with rates out of Montreal and other Canadian ports. If this is done I think it will encourage navigation to that port; we will put into more complete use the facilities we have provided there, and Churchill will probably come into its own much more quickly than otherwise would be the case. I think the government should seriously consider the advisability of helping with these rates, just as the government helps steamship lines crossing the Atlantic and Pacific.

Mr. McLEAN (Melfort): I should like to ask a question with regard to the other costs entering into the movement of grain by the Hudson bay route, particularly with regard to stevedoring. It may not be fair to expect the minister to have all the figures under his hand, but I should like to know how the cost of loading grain at Churchill compares with the cost at Montreal and other ports. I should like to know also how the service is organized, whether the government is responsible for the loading or if the ships coming in make their own arrangements.

Mr. HOWE: Ordinarily the loading is a responsibility of the boat in any port, and the boat makes its own arrangements. The grain that has been loaded at Churchill has been loaded by Louis Wolfe and Company, who are the principal stevedoring agents in Montreal for account of the steamship company. They naturally do not bring all their stevedores there from Montreal, but the superintendent is there and from the men at the port he is furnished with sufficient labour to do the work as and when required. We simply turn the men over to Louis Wolfe and Company and charge them the ordinary rate of pay of the men plus thirty-five per cent to cover transportation in and out and other charges that we have to pay against those men. The results have been fairly satisfactory. The cost of loading grain in Vancouver is $2 a thousand bushels; at Churchill it is $4 a thousand; it is also $4 a thousand in the port of New York, so that really stevedoring charges at Churchill are not sufficiently high to interfere very much with the traffic.

Mr. McLEAN (Melfort): That I understand is in addition to the part of the loading that the elevator does. That is simply the stevedoring?

Mr. HOWE: Yes.

Mr. McLEAN (Melfort): It looks like a particularly high rate for levelling a thousand bushels of wheat in the hold of a ship. When that wheat comes down at great pressure from a height I would think it could be stevedored for a good deal less than that. I wonder whether the minister would not look into that further during the coming season and see if that cost cannot be brought down. When wheat comes down a spout fast enough it will spread itself almost to every corner of the hold, and very little levelling is required. I am advised that very little labour is used in levelling those cargoes, and for a ship taking 250,000 bushels at $4 a thousand, this means a lot of money, almost as much perhaps as the insurance.

Mr. HOWE: It seems to me that my hon. friend is thinking of trimming on the great lakes rather than at an ocean port. There is much more to the matter than merely levelling the grain off. An ocean boat has between decks, often two sets of between decks, and the grain has to be shovelled back under those decks absolutely tight against the deck. Then shifting boards are put in and elaborate arrangements have to be made, as the cargo is finished, for settling of the cargo. In addition to that the top section has to be bagged before the boats leave the dock at Churchill; a certain amount has to be bagged to prevent shifting on the voyage. There is much more labour than my hon. friend would have us believe in trimming a wheat cargo in an ocean going ship, especially at Churchill.

Mr. McLEAN (Melfort): My information is that a good deal of the grain is not bagged at all; that very little is. The sea is so calm that in practice very little is bagged. I am saying that not from my own knowledge but from information given me by those who have made trips and who have watched the loading of the boats. They tell me that bags have to be carried in case of necessity but that they are used very little on the Churchill route. The men who tell me that are reliable men. I would like that point looked into during the coming season.

Mr. SPENCE: There is some information I think the house and the country should have. What is the cost of the Hudson Bay railway and terminal up to date; what is the cost of maintaining the Hudson Bay railway while navigation is closed; and how long does navigation remain closed·

Mr. HOWE: The total cost to date is about $52,000,000.

Mr. BENNETT: That includes the elevator.

Mr. HOWE: Including the elevator, the railroad, the work at Port Nelson that was abandoned—

Mr. STIRLING: Including the railroad from the Pas?

Mr. HOWE: Including the railroad from the Pas, every expense connected with the Hudson bay part of the work of every kind, about $53,000,000.

Mr. SPENCE: The other question is: What does it cost to maintain the railway during the time that navigation is closed. and how long is navigation open? We get different information from different sources, there is uncertainty. The minister should be able now to let us know just how long navigation is open, and what time of year it opens and closes.

Mr. HOWE: Does the hon. member mean: how long do ships use the port, or how long is it free of ice?

Mr. SPENCE: How long is navigation open? I suppose it is free of ice then.

Mr. BENNETT: This cannot be said to be a political matter, because both parties have participated in the construction of this route and the terminals. But there are a few matters that perhaps the newer members of the house would like to be informed on.

The total cost is about $53,000,000. We have there, as I understand the situation, an elevator, wharves and docks, a station building that we put there, on which the roof is now to be placed, some facilities for taking care of the dredging, and a few buildings. That is, I understand, the entire expenditure on what you might call the equipment of the port.

Now I should like to know this: In 1934 what was the movement out? I do not carry this information in my head, but members of the committee I am sure would like to know the number of ships that came in with cargo and the number that went out with cargo. In the season of 1935, the port was opened in June and closed in October, but it is effectively open for only sixty days because of insurance rates, I understand. The insurance is effective from about August 10 to October 10. That insurance rate has been reduced by the board that deals with it in Great Britain. During the years 1933, 1934 and part of 1935 constant pressure was being exerted upon the board by the high commissioner and his office for reduction of rates. But the loss of one ship, as pointed out by the minister, had the effect of preventing any further reduction being made. The board has declined to make further reduction, I understand, until in the light of further experience they are able to determine that this rate is not too risky from the underwriters' standpoint. I think there were two ships lost, were there not? That is my memory, and the loss of those ships involved the underwriters in the payment of such sums that they declined to reduce the rate further. That is, as it stands at the moment on balance, the number of ships that went in there and went out, with the price they paid to the underwriters for their insurance, has not recouped the underwriters for the losses paid on the two ships referred to. That I think was taken up with the board in England and they were able to produce figures demonstrating that at the present time they stand a substantial loss.

No cattle were shipped out of the port last year. I think there was a cargo that went out in 1934—

Mr. HOWE: That is correct, yes.

Mr. BENNETT: —but none went out in 1935. I think the minister realizes that we are all deeply interested in knowing just what the position of matters at that port is. The first question may be as to the physical condition and the expenditures being made this year to maintain those facilities in their integrity. The next question is the extent to which the port has been used and incidentally the question as to the use of the elevator and terminal facilities for storage purposes. My memory is that the Continental Grain Company use the elevator, which has a capacity of about two and a half million bushels. The Continental Grain Company used it as a storage depot during the winter of 1934 and shipped the cargoes out in 1935. The number of ships that went to Churchill can be determined roughly by dividing the quantity of grain stored by about two hundred and fifty thousand or two hundred and forty thousand. The information that, I think, the committee would like to have is: What use is presently being made of the elevator? I am told that it did not draw to itself any quantity of grain during the harvest season of last year. At the time we left office the crop was being harvested, and it would be later in the year that the elevator would be filled up—I do not know whether it is full or not—at least partly filled up with grain. Is that the property of the Continental Grain Company? Is it their storage?

Mr. HOWE: I think it is all Saskatchewan pool grain.

Mr. BENNETT: That is the first time the pool have endeavoured to use the elevator to any considerable extent. That is the reason I asked the question.

Mr. HOWE: If you will excuse me, the pool have always supplied the grain.

Mr. BENNETT: But it was loaded by somebody else. The Continental Grain Company had the cargoes there. The minister spoke a moment ago of the stevedores' charges. As I understand the matter, the ship only takes the cargo there, as in all other ports, at the ship's tank. The charter party calls for the cargo being delivered to the ship's tank, and in this case the ship is put up against the dock and the elevator begins to put the grain down the hatches. But because there is no permanent business at the port the grain stevedores come from the port of Montreal, stay at Churchill during the season and then go back to Montreal again I think that is correct.

Mr. HOWE: That applies only to one man, the stevedore foreman.

Mr. BENNETT: I should say, stevedore. And the staff does not reside permanently at Churchill?

Mr. HOWE: That is correct.

Mr. BENNETT: During the winter the elevator has to have a watchman, and the property is looked after by a number of

people who are constantly employed, and who are employees of either the government or the national railway?

Mr. HOWE: Roughly there are twenty-one men at the terminal. Of course the government operates the railway, so they are employees of the government in any case. I think they are chiefly on the terminal.

Mr. BENNETT: But it is the operation of the railway, entrusted to the Canadian National, is it not?

Mr. HOWE: Yes, for government account.

Mr. BENNETT: Of course. But we do not operate the railway. The Canadian National operates on our account.

Mr. HOWE: Yes.

Mr. BENNETT: And it involved us in a loss last year of a fairly substantial sum of money; I do not know what it was. The hon. gentleman has it beside him, probably.

Mr. HOWE: The loss on the railway last year was $244,000.

Mr. BENNETT: Is that just the operating loss?

Mr. HOWE: The operating loss.

Mr. BENNETT: That does not include any interest on investment?

Mr. HOWE: No, purely operating.

Mr. BENNETT: As far as the elevator is concerned, I forget what we put into that. The hon. gentleman will remember better than I what it was.

Mr. HOWE: Elevator and galleries and power plant, $2,200,000.

Mr. BENNETT: What was the income from the elevator last year?

Mr. HOWE: The difficulty is that there is another income vote on this. We are on the capital vote. I think I have the information here.

Mr. BENNETT: Well, the question might as well be answered, so that we may get the whole matter at once.

Mr. HOWE: There was revenue of about $102,000 and expenditure of $116,000, a loss of about $13,000.

Mr. BENNETT: That is on the elevator?

Mr. HOWE: On the elevator, yes.

Mr. BENNETT: How many bushels of grain are in the elevator this winter?

Mr. HOWE: Two million four hundred thousand or a trifle more.

[Mr. Bennett.]

Mr. STIRLING: Is the railway completely closed from some date in the fall to some date in the spring?

Mr. HOWE: No; the railway is kept in operation all winter. One train each month goes through to Churchill, and there is a weekly service, I think, to mile 233. I may say that there is very little snow trouble there. The high winds blow the snow clear of the track.

Mr. MOTHERWELL: I think it is generally recognized that all through the ages new trade routes had great difficulty in getting established, because they had to compete with older established routes. In addition to that the Hudson Bay railway has had no great pressure upon it because in the last four or five years the crops have been light and the peak load did not demand it at that particular time. Hence the wheat and cattle pool were the only bodies that made any effort to use the route in spite of the extortionate insurance rates that have been charged since its inception.

I do not know what insurance rates were charged on the Panama canal at the outset, but I remember it was with great misgivings that the first few boats went through the Panama. Probably the minister has some information as to how long it took to start wheat rolling through that canal and how many cargoes went through in the first, second, third and fourth years. I remember quite well there was no very pronounced flow of wheat until after the Crowsnest rates were extended to the Pacific, and then the quantity of wheat carried via the Panama increased very rapidly.

If we should have a similar experience in reducing insurance rates on the northern route I have no doubt that the Hudson Bay railway would be very much more used than it is. I wonder whether the minister could tell us if the freight rate is also charged on the excess mileage that it takes to get to Churchill over and above what it should have taken had we gone directly there. Does the minister know? The Hudson Bay railway was built through an engineering blunder with the idea of going to Nelson, an impossible port, and was diverted to Churchill, occasioning about forty or fifty miles more mileage than if it had gone directly to Churchill in the beginning. If the freight rate is charged on that excess forty or fifty miles it is an unjust charge against that wheat. Why should farmers pay the freight on a joy ride of forty miles rendered necessary by somebody's blunder in going to Nelson first? The minister may have information to answer some of the ques-

tions, particularly with regard to the excess mileage occasioned by going the zigzag way to Churchill, as to any excess insurance rates that may have been charged during the early days of the use of the Panama canal, and as to the total cargoes that went through the canal in the first three years after it opened.

Mr. HOWE: My understanding of the freight rates is that the rate from Winnipeg to Port Arthur and that from the port at Churchill have been equalized. They are roughly the same distance; I do not think the difference is a matter of forty or fifty miles. I think this was done in a more or less arbitrary way. The Crowsnest pass rates apply from the Pas in the case of Churchill and from Winnipeg in the case of Port Arthur So I do not think there is any detrimental effect from the fact that the railroad does not go in an absolutely straight line.

My recollection is that the elevator in Vancouver was completed in 1916, and that except for one test cargo no grain moved from there until 1922, when I think two cargoes were loaded. Then in 1923 the elevator handled 53 million bushels, so it came into its own very quickly after some seven years.

Mr. SPENCE: I hope the minister does not think I wish to embarrass him at all but I did not get an answer to my first question. I did get some information from my leader as to the insurance in effect from August until October. Is navigation open in this port for only two months! I should also like to know how much it costs to maintain the port during the months when navigation is closed. I was wondering whether it is a paying investment.

Mr. HOWE: I think the answer to the last question is no.

Mr. SPENCE: How long is navigation open there?

Mr. HOWE: Insurance rates permit boats to operate there at the minimum rate for two months, from August 10 to October 10, and if it were not for the insurance I suppose boats might navigate there for probably another month. It is quite possible that the insurance rates will gradually be extended to cover at least two and a half months or possibly three. So far as the cost of maintaining Churchill in the winter is concerned, there were twenty-one men kept there in the winter season, and their wages, plus a little food, was the total cost during the winter. There is nothing spent there in the winter.

Mr. COLDWELL: The minister said that he thought we would probably have to wait for the port to develop naturally, but many of us think the department might do a great deal to popularize the port. There is a feeling among many people in western Canada that attempts are constantly being made in one way or another to see that the port does not become particularly popular. We have a very large investment there, as has been shown by the figures produced to-night, and it costs the country a great deal of money to meet the deficits. I would ask what steps the department has considered or is considering to popularize this port at home and abroad. We have our Canadian trade commissioners in Great Britain and Europe, and as I say many people believe that the port could be used much more than it is being used at the present time.

Mr. HOWE: So far as the grain movement goes, I doubt whether anything can change the situation very much. It is well known that a fraction of a cent will change the routing of grain; every exporter of grain in the world is alive to the fact that Churchill is there, and I think perhaps they have their eyes on it. I fancy the day will come sooner than we expect when it will be worth while to make a great effort to get a real movement of wheat through that port. I hope to see the day when 25 million bushels will go out during the season, and when that day comes the railway will pay a fair return on its capital investment. I hope I shall live until then, but this department can hardly expedite that day. I think it will come naturally.

Mr. COLDWELL: What has been the experience in shipping cattle through that port? Cattle have been shipped, and I know at least one young man who accompanied a shipment of cattle across to Great Britain.

Mr. HOWE: Yes; four hundred cattle were sent across. It is a very good route for cattle but the difficulty is that it is quite expensive to fit a boat for cattle. In the St. Lawrence a boat, with one fitting, can make six trips in the season, but at Churchill the maximum is two trips a season, and the return hardly pays for fitting up the boat. That, I understand, is the difficulty.

Mr. BENNETT: I think the minister can hardly be asked to say what has been done for the purpose of endeavouring to popularize the port because when he came into office the port had been closed for a year. But the former Minister of Railways, being pressed very strongly by many members from western Canada, undertook last year to endeavour to

promote traffic through the port. Unfortunately he was told what I fancy we all know that the government cannot tell people how they shall ship their commodities, and the people who owned the grain preferred to ship it via the St. Lawrence route to sending it to Churchill. The only grain that was shipped from Churchill, if my memory serves me aright, was the grain that was stored there during the winter. There was a little more added to that, and last year I think eight ships took out a couple of million bushels in all. I speak subject to correction.

Mr. HOWE: We moved four million bushels last year.

Mr. BENNETT: Four million bushels last year?

Mr. HOWE: A year ago last season.

Mr. BENNETT: But in 1935.

Mr. HOWE: We moved four million bushels in 1934 and two and a half million bushels in 1935.

Mr. BENNETT: That is what I wanted to make perfectly clear. I said that the amount shipped in 1935 was substantially the quantity of grain that was stored in the terminal during the winter, somewhere around two or two and a half million bushels. The former Minister of Railways endeavoured to secure a greater movement of grain through the port, hoping to get a continuous movement during the sixty days from August to October, but it was not an easy thing to interest people in the matter, and to the extent to which they claimed the right to ship their grain as they saw fit, his efforts were, of course, of little avail. The people who buy the grain in the west for shipment overseas determine the route they will send it by. As the minister said, sometimes a difference of one-eighth of a cent a bushel determines the route, and they ship accordingly. It has been extremely difficult, as the former Minister of Agriculture (Mr. Motherwell) said a moment ago, to interest shippers in a new route having regard to the fact that the cargo itself, which is the property of the persons who acquire it in the west or wherever they do acquire it, carries a higher insurance rate than it should carry according to the views of those interested in the port. Then the unfortunate loss of the ship I have mentioned had a bad effect upon our efforts to reduce the insurance rate. Sir Halford Mackinder was greatly interested in the subject, being chairman at the time of the board that was dealing with these matters, and I fancy that the minister must have seen the reports regarding the efforts that were made to lower the rate. But finally the board definitely decided that it would not lower the rate below two per cent until there had been a larger experience so that it could be determined by actual movement of traffic whether a lower rate was warranted. That is the position as I understand it at the moment.

Mr. DUNNING: There was only one ship lost.

Mr. BENNETT: Were there not two?

Mr. DUNNING: Only one.

Mr. BENNETT: What was the name of the other ship? There was some trouble, I think.

Mr. DUNNING: The ship lost was the Bright Fan.

Mr. YOUNG: I have no doubt many hon. members were surprised to hear that the Minister of Railways (Mr. Howe) had visited Churchill so frequently. Living at Port Arthur I suppose it was a great treat to him each time he saw the port. I see in front of me two former Ministers of Railways in previous Liberal governments. One has been moved to Finance and the other one is taking care of so many departments I do not intend to mention them all. I would suggest to the Minister of the Interior (Mr. Crerar), who should be very familiar with Churchill, that he consult with the Minister of Finance (Mr. Dunning) on this insurance question. Rightly or wrongly, there is a feeling throughout the country, particularly in western Canada, that not as much has been done to popularize this route as might have been done.

I have listened to the remarks of hon. gentlemen to-night and I am impressed with what has been said about new routes. When we have expended a total of $53,000,000 on establishing a new route I think we should go as far as posible in all directions to see that the route is used. It seems to me that high insurance rates stand in the way of this route being used more extensively than at present and I suggest that the government give serious consideration to the question of taking over for the time being this underwriting. I appeal to the Minister of the Interior, who knows the port very well, that he press this matter before the government. In my judgment high insurance rates constitute one of the difficulties hindering the use of this route. I make one more appeal; if anything more can be done by the government to popularize this route, it should be done. Instead of taking out 25,000,000 bushels of wheat, some day I am sure we shall be taking out a much larger amount. I believe we can advance that day by doing everything possible to make this route known throughout the world.

Mr. CRERAR: The hon. member for Saskatoon (Mr. Young) has been good enough to refer to me as a former Minister of Railways who was interested in the development of this port. My experience as Minister of Railways was rather limited due to the fact that the right hon. gentleman who leads the opposition (Mr. Bennett) put out of business, not only the government of that day, but me as well. I am interested in the development of the Hudson bay route because all of this railway lies within the riding I represent at the present time. It is a fact well known to all hon. gentlemen, and certainly to those from western Canada, that the building of the Hudson Bay railway, the development of the port at Churchill and the route across to Europe have constituted a matter of vital concern and interest to the people of western Canada for a great many years. I can recall having made many speeches on this subject when I was in the house many years ago.

I know there are in eastern Canada many critics of this development, and I was interested in the question asked by the hon. member for Parkdale (Mr. Spence) as to the total cost up to the present time of the whole development. It is true that this has cost $53,000,000, but it is only fair to say that included in that amount is the money that was expended on the development of Port Nelson. When the late Mr. Cochrane was Minister of Railways over twenty years ago, the government of that day undertook the completion of the road and fixed upon Port Nelson as the terminus. Notwithstanding any criticism that may have been made of it I do not think any mistake was made when the terminus was moved from Port Nelson to Churchill. Port Nelson had an open roadstead and would never have made a successful port, but several millions of dollars were spent before it was finally abandoned. Churchill has one of the best natural harbours in the world, being completely protected from storms of all kinds. I was there on July 1 last and at that time the river and bay were clear. There was some drift ice along the shore, but nothing which an icebreaker could not get through. Although the port is at the present time open for navigation for only about two months in the year, this is because of high insurance rates, and my settled conviction is that the day will come, and before many years, when the port will be used for three and a half or four months in the year. I think all the available data—and there is a good deal of it—goes to substantiate that view.

Reference has been made to the Bright Fan incident, but I think I am correct in saying that the inquiry into the sinking of that ship disclosed that it was at least sixty miles off its course and that practically everyone, including the captain, was intoxicated when the accident took place. I know my predecessor from Churchill constituency expressed the view in the house that the Bright Fan had been deliberately sunk, but whether that is true I cannot say. We all know the effect of an incident of that kind upon underwriters. I have no doubt they hold that as a black mark against the development of the route. Personally, I find myself a good deal in sympathy with the view expressed by the hon. member for Wood Mountain (Mr. Donnelly), and I assure the hon. member for Saskatoon (Mr. Young) that I shall not forget the admonition he has given me to-night. If I cannot prevail upon the Minister of Railways (Mr. Howe), who is I know wholly sympathetic to the development of the route, and if I cannot touch the stony heart of the Minister of Finance (Mr. Dunning), it will not be for lack of carrying out the injunction he has given me.

Item agreed to.

Welland ship canal—construction and betterments, $60,000.

Mr. STIRLING: Is this the only amount in the estimates for the Welland ship canal?

Mr. HOWE: This is for construction, but there is another item for operations.

Mr. STIRLING: What is this money to be spent on?

Mr. HOWE: It is to be used for flattening slopes. When the canal was constructed the slopes were put in at an angle which was known to be nearly the limit and it was a matter of trial and error as to whether they would stand. In two or three places it was found that they would not stand and some flattening process is necessary. The vote this year is for $60,000, but I may say that $23,000 is the unexpended balance of last year. In other words $23,000 of the $60,000 is a revote.

Mr. YOUNG: What is the total cost of the Welland ship canal?

Mr. HOWE: It is $132,000,000.

Mr. MacNICOL: What progress is being made in filling in the old canal?

Mr. HOWE: It is all filled in through the city of St. Catharines. We have no filling operations in progress at the present time.

Mr. YOUNG: What is the revenue from the canal?

Mr. HOWE: There are no tolls on the Welland canal.

Mr. YOUNG: And no revenue?

Mr. HOWE: There is certain water power revenue.

An hon. MEMBER: What is the cost of maintenance?

Mr. HOWE: Operation and maintenance cost is about $600,000 per year.

Mr. LOCKHART: Is anything included in the estimate brought down for levelling the balance of the former Welland ship canal? A portion of the dewatered canal is not levelled. Is there any estimate covering that work, or is this only the original estimate which is to be supplemented later?

Mr. HOWE: No work of the kind described by the hon. member is contemplated now or in the future.

Mr. ELLIOTT (Kindersley): How many American vessels from American ports go through the Welland canal?

Mr. HOWE: We do not seem to have that information at the moment, but I shall be very glad to get it and present it to the committee. Speaking from memory I would say that the tonnage is about fifty-fifty American and Canadian. Of course there is a certain amount of tonnage of other nations, the chief of which would be Norwegian tonnage.

Mr. YOUNG: What is the operation and maintenance cost of the Welland ship canal?

Mr. HOWE: $600,000 per year.

Mr. LOCKHART: Did I understand the minister to say that in future no provision would be made for levelling the balance of the dewatered canal?

Mr. HOWE: I said that there was no provision for the immediate future; there will be nothing done next year, anyway. Perhaps beyond that we would be open to suggestions, but my officers tell me there is no work there which seems to be needed at the moment.

Mr. TUCKER: Why is it that while vessels using the Panama canal have to pay tolls we carry a great amount of American traffic through the Welland canal free of tolls?

Mr. HOWE: That is purely a matter of government policy. Of course the matter is restricted in some ways. We have treaty obligations with the United States which require that tolls for Canadian and American shipping must be equal. Tied to that are treaty relations with favoured nation countries, which provide that their shipping must be on a basis equal to that of the United States. Possibly the only countries not covered are Germany and Holland, and if we put them on a different basis we would be in trouble.

The matter of tolls for passing through the Welland canal is connected with government policy. Until 1904 tolls were charged, but at that time an order in council was passed which provided that as a matter of government policy no tolls should be charged on the canal. I have not gone into the matter very carefully, but I am not sure that the time is not near when we might examine the situation once more and decide whether tolls should be imposed. I am simply making that observation, without having looked into the facts.

Mr. BENNETT: When the minister is looking into the matter he might find it interesting to get the state papers of the United States and read the story of the construction of the Soo canal. We did endeavour to give a preference to our own ships. We were giving them a rebate when they came to Montreal, coming through the Soo canal with cargoes bound for Montreal. The Americans protested and ultimately, as will be recalled, they built the American Soo canal. As the matter now stands, the reason the government of Sir Wilfrid Laurier removed the tolls in 1904—and I believe the minister had the correct date—was that they imposed an additional burden upon the grain growers of the west; that is the real reason. As every ship, whether American or Canadian, or one of a country enjoying favoured nation treatment, had to pay a toll, it followed that that meant just an additional burden upon ships which brought cargoes from the west to Montreal. If it was a Canadian ship it meant that freight charges were enhanced, as happened in connection with other ships as well.

The real reason of this arrangement, one which some people thought was misunderstood philanthropy, was really an effort on our part to lessen the charges on the movement of wheat from Fort William and Port Arthur to Montreal, destined for export to the markets of the world. I recall that I was pressed very strongly to deal with this matter of tolls, and I am sure the minister has probabaly had representations made to him in the same sense. We must remember however that, to begin with, there are treaty obligations with the United States, and we cannot discriminate against their ships. Then there are favoured nations, who stand in exactly the same position, and lastly there is the economic feature of the matter namely, the additional cost per

bushel which would be involved in the movement of grain for export from the head of the lakes to Montreal.

Mr. TUCKER: Do United States ships going through the Panama canal pay the same tolls as do ships of other nations?

Mr. BENNETT: Yes.

Mr. DUNNING: Except coastwise.

Mr. BENNETT: The hon. gentleman will recall that President Wilson had one of the greatest struggles of his career in carrying into effect that promise of the United States, under the old treaty that preceded the present one, by which there was to be equality of tolls. The debates of congress indicate on the one hand the violent opposition to the president's action, and on the other his grim determination to maintain inviolate the honour of his country as expressed in the treaty, and he succeeded in doing so.

Mr. HOWE: I think the question has been answered by others more competent than I am. It is my understanding that all ships pay tolls.

Mr. KINLEY: Has Canada made any commitments with regard to the St. Lawrence waterway?

Mr. BENNETT: No.

Mr. HOWE: I think that comes under a separate vote.

Mr. KINLEY: The Welland canal is part of the St. Lawrence waterway, is it not?

Mr. HOWE: I do not think I can produce the correspondence in that connection and I doubt whether I can answer my hon. friend's question. I would not attempt to answer it.

Mr. BENNETT: If the minister will not think I am interfering, the fact of the matter is that this has not transpired since the minister has been in the department, so perhaps it is my duty to say something. The fact is that Canada and the United States entered into an agreement, one of the terms of which was that it must be ratified by the United States senate before being submitted to the Canadian parliament. The United States senate declined to ratify the treaty made by the president; therefore Canada has made no commitments, and no commitments can be made of any kind, nature, form or description unless and until the treaty has been ratified by the senate of the United States. Then it will depend upon Canada's ratification, this country having the last word in determining whether or not it shall accept the terms of the treaty.

Item agreed to.

Canals—Improvements, $270,100.

Mr. STIRLING: Would the minister be good enough to explain this vote, particularly the decrease?

Mr. HOWE: This vote covers the replacement of structures which, in the course of years, have become unstable, obsolete or beyond repair; the replacement of equipment which is worn out; the enlargement or realignment of navigation channels, where such improvements are warranted; the substitution of more permanent construction on works where the maintenance of the existing structures involves abnormal costs and general improvements necessary for the proper protection of canal property or that will give a reasonable return for the amount expended. The items are as follows:

Williamsburg canals—

One pair of lock gates, lock No. 24, Rapide Plat canal, $4,000.

Earthfill dam across old Galops canal above old lock No. 26 at Cardinal, $1,500—Total, $5,500.

Rideau canal—

Completion of control dam and highway bridge at Hogsback lock station, $70,000.

Construction of a new and modern swing bridge at Beckett's Landing, where provincial highway No. 16 crosses the canal, $35,000—Total, $105,000.

Trent canal—

Drilling, dredging and blasting Bobcaygeon, $20,500.

Reconditioning portage road culvert, $14,000.

Completion of replacement of the fixed span crossing the canal at village of Lakefield, $2,000.

Completion of the reconditioning of the Queensville road bridge, Holland river division, before turning over span to the county authorities, $1,500.

Completion of reconstruction of Koshlong lake dam, $2,000.

Restoration of concrete structures, Ontario-Rice lake section, including backfilling of certain sections of river walls at Campbellford, $35,000.

Concrete cut-off wall at lock No. 14, $15,000.

Wallace point bridge, Otonabee river; contribution of one-half of cost of replacement of the damaged river pier, the work to be done by municipal authorities, $4,500.

Rebuilding and repairs, reservoir dams, $3,000.

Miscellaneous surveys, investigations, etc., $2,000—Total, $99,500.

Welland canals—

Welland ship canals—

Reconstruction of part of Port Colborne breakwater, $15,000.

Alterations to discharge culverts, Twin Flight locks Nos. 4 and 5, $25,000.

Alterations to valve stop-logs, $6,000.

Hand rails on top chords of ten vertical lift bridges, $3,000.

Sanitary conveniences at thirteen bridges, $2,500.

Feeder canal—
Protection of aprons, weirs Nos. 1 and 2, Dunnville dam, $4,500.
New ferry scow for Port Maitland, ferry, $4,100.

We are building the swing bridge at Beckett's Landing in cooperation with the province; it is our duty, because of the navigable feature, to provide the bridge, and the province does the rest of the work. In connection with the Queensville road bridge, this has been an item of expense to us, and we have worked out with the province an agreement under which we put the bridge in shape and they take it over for future maintenance.

Mr. DONNELLY: Could the minister tell us the amount of freight transported on the Trent canal during the past year?

Mr. HOWE: It is mostly a tourist route. Last year there were about 12,000 lockages, showing a fair business in smaller craft. There was quite a substantial revenue from this canal by way of water powers, so the situation is not as bad as it seems. It is an old, historic route, and the revenue from water powers was about $100,000.

Mr. STIRLING: Could the minister give us similar information with regard to the Rideau canal? Is there any revenue from it?

Mr. HOWE: The revenue is about $10,000 per annum.

Mr. STIRLING: There is tonnage carried on that canal?

Mr. HOWE: Yes, or you might call it poundage.

Mr. MacNICOL: Under this item is there any provision for repairs to the Newmarket canal?

Mr. HOWE: No, nothing at all.

Mr. LOCKHART: According to my hurried figuring maintenance of the Welland ship canal is to cost between $50,000 and $60,000 this year. How does that compare with the amount spent in maintenance and repairs last year?

Mr. HOWE: Maintenance is practically the same.

Item agreed to.

Hudson Bay railway—
Amount to provide for difference between expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1937, not exceeding, $336,500.

Mr. STIRLING: Would the minister explain this item?

[Mr. Howe.]

Mr. HOWE: This is the deficit item, the expected loss for operating the railway during next season.

Mr. KINLEY: Which is the bigger item, the revenue or the deficit?

Mr. HOWE: The revenue is a trifle bigger, I think.

Item agreed to.

Canals and harbours—
Operation and maintenance, $2,145,100.

Mr. STIRLING: Is this the item which includes the operation of the Welland ship canal?

Mr. HOWE: That is correct; all of the canals.

Mr. STIRLING: That is about $600,000, I think.

Mr. HOWE: Yes.

Mr. STIRLING: What is the balance?

Mr. HOWE: There are grain elevators there.

Mr. BENNETT: That is another item. Could the minister give particulars of the item of $2,145,100?

Mr. HOWE: We have the Hudson Bay terminal at Churchill, $79,000; that is the terminal exclusive of the elevator, operation and maintenance. There are also:

Murray canal, operation, $13,300.
Ontario-St. Lawrence canals—
Headquarters, $43,000.
Cornwall canal, $148,500.
Williamsburg, $86,250.
Quebec canals, $665,475.
Headquarters, $34,000.
Carillon-Grenville, $58,000.
Chambly, $47,000.
Dredging fleet, $34,800.
Hungry Bay and St. Barbe dykes, $5,000.
Lachine, $335,000.
St. Anne's lock, $10,375.
St. Ours lock, $9,300.
Soulanges canal, $132,000.
Rideau canal proper, $132,200.
Dredge vessels, $27,000.
St. Peter's canal, $11,000.
Sault Ste. Marie canal, $55,000.
Trent canal, $201,500.
Welland canals, $682,625.

Mr. BENNETT: Is there anything to show what the revenue is from all those canals and power privileges?

Mr. HOWE: Yes. The last full year we have is 1934-35:

Murray canal, $254.
St. Lawrence canals—
Ontario, $28,000.
Quebec—
Beauharnois, $59,516.
Carillon-Grenville, $1,627.

St. Lawrence canals—*Conc.*
Quebec—*Conc.*
Chambly, $1,243.
Lachine, $187,113.
St. Anne's lock, $385.
Soulanges, $4,257.
Rideau canal, $10,133.
St. Peter's canal, $168.
Sault Ste. Marie canal, $217.
Trent canal, $6,067.
Welland canal, $175,104.
Chats Falls canal, $1.
Miscellaneous, $3.

Mr. MacNICOL: Does the $6,067 receipts from the Trent canal include the power income?

Mr. HOWE: No; I think there is something over $90,000 revenue there. I suppose we had not collected the power account; the figure given is the collections at that time.

Mr. MacNICOL: The minister mentioned the Rideau canal. Has the Tay canal been totally abandoned and everything pertaining to it washed out?

Mr. HOWE: No; it is operating.

Mr. MacNICOL: As far as Perth?

Mr. HOWE: Yes, right at Perth.

Mr. MacNICOL: I read in an article some time ago that the basin at Perth was filled up.

Mr. STIRLING: Would the minister give a short statement in regard to the Beauharnois canal? Is it owned by the dominion government? Has it now been turned over?

Mr. HOWE: Perhaps my right hon. friend would help me out. I think we own the canal as far as navigation goes.

Mr. STIRLING: Do you receive revenue from it?

Mr. HOWE: We received some revenue, yes.

Mr. STIRLING: Was some expenditure incurred by us?

Mr. HOWE: No expenditure was incurred by us. We have some little supervision there, I think we appropriate about $5,000 for that this year.

Mr. TAYLOR (Nanaimo): Does the dredging of the delta mouth of the Cowichan river at Duncan come under this vote?

Mr. HOWE: No, under Public Works.

Mr. MacNICOL: The minister mentioned a revenue of $254 from the Murray canal. What is the revenue received for?

Mr. HOWE: The ground rental, I am told. That is, we own the property there. We rent certain of it.

An hon. MEMBER: Are any harbours included in this item?

Mr. HOWE: No; there are no harbours in this.

Item agreed to.

Elevators — Operation and maintenance, $327,000.

Mr. DONNELLY: What elevators are referred to?

Mr. HOWE: The Churchill elevator, the Port Colborne elevator, and the Prescott elevator. The total vote for Churchill is $124,000; for Port Colborne, $100,000, and for the Prescott elevator, $103,000. I may say that on balance those elevators show a profit. This is the vote to cover the operations.

Mr. DONNELLY: These are operated by the government?

Mr. HOWE: Yes.

Mr. BENNETT: The only elevators to which this item refers are the three that the minister has mentioned?

Mr. HOWE: That is correct, yes.

Mr. BENNETT: It has no reference to any of the government-owned elevators at any terminal at the head of the lakes or at any other port in Canada except Churchill?

Mr. HOWE: The elevators at the head of the lakes and the Ontario elevators are under the Department of Trade and Commerce and the harbour elevators are under the various harbour commissioners. We shall have a vote for those later.

Mr. BENNETT: In view of the fact that there is some rearrangement of the activities of the commissions at Vancouver, a situation is developing by reason of which elevators that are now leased, I think, and whose lease falls in shortly will again be offered for leasing. When that matter is considered, I have a suggestion to make, in view of certain representations that have come to me recently regarding those elevators. I suppose that would be more properly considered under the Department of Trade and Commerce?

Mr. HOWE: No; the elevators at Vancouver are the property of the Vancouver harbour commission.

Mr. BENNETT: Not those dealt with by the minister now?

Mr. HOWE: No; it is the Department of Marine. By the national harbour board when it is constituted, which we hope will be very shortly.

Mr. STIRLING: In the case of the expenditures the minister has just read, taking Prescott as a typical one, I think he said that the expenditures were $103,000.

Mr. HOWE: Yes.

Mr. STIRLING: Can he give us an idea how that is disbursed?

Mr. HOWE: The largest item of course is labour. We do not seem to have the details, but that expenditure would be broken down to about fifty per cent labour and about thirty per cent power and the rest, I suppose, would be maintenance and charges of that sort.

Mr. DONNELLY: What is the quantity of grain that went through the Prescott elevator during the past year, the revenue from it, and the cost of operation?

Mr. HOWE: The quantity handled during the current year at Prescott is 8,750,000 bushels. In 1934-35 they handled 6,545,000 bushels and the revenue was $69,542.75. The elevator in that year showed an operating loss of $16,774. It will be turned into a substantial profit this year, I should say.

Mr. HANSON: What department is handling the elevator at Prince Rupert? Is it under the Department of Trade and Commerce or under the Minister of Railways and Canals?

Mr. HOWE: The Department of Trade and Commerce.

Mr. LOCKHART: The minister said that the operation of Churchill elevator was more costly than the operation of the elevator at Port Colborne. May I ask a question—

Mr. HOWE: I might explain to my hon. friend that we have cheap power available at Port Colborne, and cheap power is quite an item in the operation of an elevator. At Churchill we must generate our own power from coal in our own power plant. The cost of coal represents, I think, the main difference.

Mr. LOCKHART: I quite appreciate that point as applied to two months or less than two months, but what is the quantity of grain that went through the elevator at Churchill as compared with what went through Port Colborne? Power is generated there for only a very short time, and the cost seems to be out of balance with the quantity of grain that went through.

[Mr. Bennett.]

Mr. HOWE: In 1934-35 Port Colborne handled 14,380,000 bushels. Churchill in that year handled 3,964,000 bushels. The nature of the operation at Port Colborne is the cheapest of any known elevator where it unloads from a boat and discharges to a boat. An elevator at an ocean terminal is quite different. It receives cars; there is a cleaning operation involved, and there is also an extensive gallery equipment for loading boats requiring quite a large operating staff. An elevator such as that at Churchill is the most expensive type. I think my hon. friend, in trying to compare the two, is comparing two very unequal things, and the charges are quite easily accounted for.

Item agreed to.

Mr. HOWE: The only other item has to do with the Canadian National Steamships, and the report is not yet available.

Mr. BENNETT: And the freight rates item.

Mr. HOWE: We have to wait until the reports come in.

Mr. STIRLING: There is the tourist item.

Mr. BENNETT: A number of members desire to discuss that item and I think it had better stand.

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.45 p.m.

Monday, February 24, 1936

The house met at three o'clock.

INDUSTRIAL AND INTERNATIONAL RELATIONS

Hon. ERNEST LAPOINTE (Minister of Justice, for Mr. Mackenzie King) moved:

That the report of the Secretary of State for External Affairs for the year ended December 31, 1935, be referred to the standing committee on industrial and international relations.

Motion agreed to.

ECONOMIC COUNCIL OF CANADA

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved for leave to introduce Bill No. 6, to repeal chapter 19 of 25-26 George V, an act to establish an economic council.

Some hon. MEMBERS: Explain.

Mr. POULIOT: Mr. Speaker, it is very easy to explain the purpose of this bill. It

is to put the axe of parliamentary control to a dry branch of the dead tree of so-called social legislation.

Motion agreed to and bill read the first time.

PRIVILEGE—MR. POULIOT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I rise to a question of privilege. What I have to say will contain nothing of blame towards your honour; I wish only to direct your attention to the following facts. Early in February I sent a first draft of the bill on the bureau of translations to the clerk of this house, and after I saw the news in one of the local newspapers that the government was opposed to the bill as it was first drafted, the bill was redrafted. Therefore the English and French copies of the bill sent to your honour on Thursday of last week were entirely different from the first draft that was sent to the clerk of the house. What surprised me, therefore, was that your honour's decision was not based on the copies that were forwarded to you but on the altogether different copy that was sent to the clerk a long time before. I would therefore ask your honour kindly to reconsider this matter and render your decision upon the copies of the bill that were sent to you.

Mr. SPEAKER: I shall look into the matter just drawn to the attention of the house by the hon. member.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

UNEMPLOYMENT RELIEF—OVERHEAD COST

Mr. FAIR:

How many cents of each dollar spent on direct relief in 1935 were used up in overhead?

Mr. ROGERS: It should be pointed out that the cost of administration of relief, in so far as the detailed distribution is concerned, is borne by municipal and provincial authorities and their cost of distribution is not a matter of record with the Department of Labour.

It would doubtless be difficult for the provinces and municipalities to make a statement as to their actual cost of administration since most municipal and provincial departments dealing with direct relief, also deal with other matters of an allied nature, which, however, do not come within the category of relief.

In so far as the federal Department of Labour is concerned, the amount paid out to provinces, municipalities, and other departments of the government, etc., under the Unemployment Relief Act, 1930, the Unemployment and Farm Relief Act, 1931, The Relief Act, 1932, The Relief Act, 1933, The Relief Act, 1934, and The Relief Act, 1935, to January 31, 1936, was $193,448,739 and the cost of administration to the Department of Labour including salaries, printing and stationery, telegraphs and telephone, travelling expenses, and, in fact, all expenses of administration was $480,112 or slightly less than one-quarter of one per cent.

The amount of the dominion contribution for direct relief including the grants-in-aid was $105,738,928, but as the same staff handles all classes of accounts it is not possible to give the actual cost of direct relief administration by the Department of Labour, the percentage given above, viz. slightly less than one-quarter of one per cent, would however be approximately correct.

FARMERS' CREDITORS ARRANGEMENT ACT—NEW BRUNSWICK

Mr. CLARK (York-Sunbury):

1. What payments were made for expenses of the Farmers' Creditors Arrangement Act for the year 1935, in the province of New Brunswick?
2. How many cases under the act have been completely settled in New Brunswick?

Mr. DUNNING:

1. $27,658.03.
2. To February 1, 1936: 158 cases settled by board of review; 150 cases settled by official receivers as a result of formal proposals; and 83 cases settled by official receivers without formal proposals.

UBALD VÉZINA

Mr. WERMENLINGER:

1. On what date was Mr. Ubald Vézina, of Beauport, engaged as plumber for the Marine department at Quebec?
2. On what date was he dismissed?
3. What were the reasons for such dismissal?

Mr. HOWE:

1. October 10, 1930.
2. February 13, 1936.
3. Political partisanship.

PETITE RIVIÈRE, QUE., HARBOUR

Mr. WERMENLINGER:

1. To whom was the contract awarded for the construction of a fishing harbour at Petite-Rivière, Gaspé county?
2. What are the unit prices asked for in connection with each item of such contract?
3. What was the total price of each item?
4. What was the total price of the undertaking?

Mr. LAPOINTE (for Mr. Cardin):

1. Contract not yet awarded.

2, 3 and 4. Answered by No. 1.

MICHAEL BÉDARD

Mr. WERMENLINGER:

1. Was one Michael Bedard, of Boischâtel, employed as chauffeur in the Department of Public Works?
2. If so, on what date did he enter the employ of the said department at Quebec?
3. Was he dismissed? If so, on what date and what were the reasons for such dismissal?

Mr. LAPOINTE (for Mr. Cardin):

1. Yes, engaged as fireman-labourer.
2. December 15, 1916.
3. (a) Yes, (b) for political partisanship, (c) February 11, 1936.

DOMINION HOUSING ACT

Mr. HEAPS:

1. What are the names of individuals, firms or corporations whose applications for loans under the Dominion Housing Act, 1935, have been approved of?
2. What is the amount of each such loan?

Mr. DUNNING:

1 and 2. It is not considered to be in the public interest to publish the names of individual borrowers under the Dominion Housing Act.

CANADIAN FARM LOAN BOARD—PROFIT

Mr. MARSHALL:

1. What profit, if any, was made by the Canadian Farm Loan Board on operation during each of the years 1934 and 1935?
2. How were these profits disposed of?

Mr. DUNNING:

1. $59,392.14 for fiscal year ended March 31, 1935. Accounts for present fiscal year not closed.
2. Transferred to reserve account.

CANADIAN NATIONAL RAILWAYS—$80,000,000 LOAN

Mr. MARSHALL:

What were the costs, in detail, incurred by the government in recent loan floated for $80,000,000?

Mr. DUNNING: All costs of the issue of $80,000,000 Canadian National Railway Company bonds were borne by the company.

QUEBEC POSTAL DISTRICT SUPERINTENDENT

Mr. ROBERGE:

1. What is the name of the superintendent of the Quebec postal district?
2. How long has he held such office?
3. How old is he?
4. If he is over 65 years of age, why does not the department superannuate him?

Mr. ELLIOTT (Middlesex): I suggest that the hon. member amend his question by eliminating No. 4, as it involves a statement of government policy. Subject to that I have the answer.

Mr. SPEAKER: Stands.

PUBLIC DEBT

Mr. TAYLOR (Nanaimo):

1. What were the funded debt issues, inscribed amounts, of the national debt of Canada; together with yearly totals, as from and including the year 1908 to the latest figures available?
2. What were the net sums received by the dominion government against the inscribed amounts of the funded debt issues as in question 1; together with yearly totals as from and including the year 1908 to the latest figures available?
3. Where sold foreign, what loss or gain developed as a result of exchange on each of the issues above; (questions 1 and 2); together with yearly totals as from and including the year 1908 to the latest figures available?
4. What were the unfunded debt transactions, obligation figures, together with yearly totals as from and including the year 1908 to the latest figures available.
5. What were the net sums received in sale or other adjustment of the unfunded debt transactions; together with yearly totals as from and including the year 1908 to the latest figures available?
6. Where sold foreign, what loss or gain developed as a result of exchange on each of the issues above; (questions 4 and 5); together with yearly totals as from and including the year 1908 to the latest figures available?

Mr. DUNNING: In asking that this question be made an order for return, I point out to the hon. member that, so far as it relates to the new issues each year since 1908, and the proceeds in the markets in which the issues were made, the information asked for can be given. The loss or gain on exchange transactions is not available, as it is impossible to separate exchange on transfers of loan proceeds from other exchange transactions of the government. I also point out that there is a very great deal of work and of expense involved in getting out this information. Perhaps the hon. member might allow it to stand over for to-day and consider whether the information he desires could not be obtained in a less expensive manner.

Mr. TAYLOR (Nanaimo): Might I have a conference with the Minister of Finance (Mr. Dunning) in connection with it?

Mr. DUNNING: With pleasure.

Question stands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CLEARING HOUSE SETTLEMENTS—AVERAGE BALANCES AND PAYMENTS

Mr. TAYLOR (Nanaimo):

1. What is the average total, average weekly, of daily balances, outstanding between the

three largest Canadian banks in clearing house settlements, in each of the cities of Montreal, Toronto, Winnipeg and Vancouver for the six months' period from 1st July to 31st December, 1935, inclusive?

2. What is the average payment, averaged weekly, in clearing house settlements between the three largest Canadian banks in each of the cities of Montreal, Toronto, Winnipeg and Vancouver for the six months' period from 1st July to 31st December, 1935, inclusive?

Mr. EULER: It may be found impossible to answer the first part of this question. In the meantime I ask that it stand as an order for return.

HALIFAX COUNTY POSTMASTERS

Mr. ISNOR:

1. How many postmasters were changed in Halifax county, Nova Scotia, during the period between August 1, 1930, and September 30, 1935?

2. What were the names of such postmasters, their locations, and who recommended the changes?

Mr. ELLIOTT (Middlesex): I understand that the hon. member who is asking this question wants to make some amendment in the dates. I suggest that subject to those changes this be made an order for return.

MOTIONS FOR PAPERS

C. S. MORIN

Mr. STEVENS:

For a copy of all correspondence, reports and other documents, appertaining to the dismissal from the staff at the Sorel shipyards of Mr. C. S. Morin, on or about December 2, 1935, together with a statement giving the alleged reasons for his dismissal.

MICHEL BÉDARD

Mr. WERMENLINGER:

For a copy of all correspondence and other documents respecting the dismissal of Michel Bédard, as chauffeur in the employ of the public works department at Quebec, covering the period from October 1, 1935, to date.

UBALD VÉZINA

Mr. WERMENLINGER:

For a copy of all correspondence and other documents respecting the dismissal of Ubald Vézina, of Beauport, a plumber employed by the marine department at Quebec, covering the period from October 1, 1935, to date.

SHAUGHNESSY HOSPITAL, VANCOUVER

Mr. STEVENS:

For a return showing:—

1. The names of the officers and all members of the staff of whatever rank of the Shaughnessy hospital, Vancouver; together with the date of the appointment of each person; the amount of salary in each case at time of appointment and salary for the fiscal year 1935-36; and the hours of duty in each case.

2. The name, title, rank, and duties of the officer in charge.

3. The number of patients admitted to the said hospital during the years 1930-35 inclusive; and the total number of hospital-days spent by patients in each of the years 1930-35 inclusive.

4. The total cost of operation, maintenance, and upkeep of the said hospital in each of the years 1930-35 inclusive.

FRASER RIVER BRIDGE

Mr. BARBER:

For a copy of all correspondence, reports, recommendations, orders in council and other documents, in any relation to the approval under the Navigable Waters Protection Act of plans and specifications for the construction of a bridge over the Fraser river at New Westminster, British Columbia.

HALIFAX HARBOUR COMMISSION

Mr. STEVENS:

For a copy of all correspondence, letters, telegrams, orders in council appointing royal commission, report if any of the said royal commission, copy of the evidence taken by the said royal commission, and all other documents and papers appertaining thereto, in connection with an item appearing in the estimates for the fiscal year ending March 31, 1937, as vote No. 227 and reading as folows:—

"To reimburse Peter R. Jack and Chas. A. Ackhurst, one time harbour commissioners at Halifax, for expenses incurred by them in connection with the inquiry into the administration of the Halifax Harbour Commission in 1930, $3,855.10."

Also a statement covering the expenditures, made by the Halifax Harbour Commissioners, which were involved in the investigation or formed the basis of the appointment of the said royal commission presided over by the late Mr. Justice Orde, giving particulars of the amount involved and the firms to whom the said expenditures were paid.

Also a statement indicating the disposition of the matter following the death of the late Mr. Justice Orde.

Also a copy of all letters, telegrams, or other correspondence or documents passing between any member of the government or official of the government and the said Peter R. Jack or the said Chas. A. Ackhurst, or their counsel during the years 1930 up to February 19, 1936.

Mr. HOWE: I have no objection to producing the papers asked for, but I am advised by the officers of the department that it will take three or four months of the full time of one stenographer to do the typing.

Mr. STEVENS: I might make a suggestion which would probably lighten the task very much. Where the motion refers to a copy of the evidence, which I presume would represent most of the copying, it would be quite satisfactory if a copy of the evidence were laid on the table without going to the trouble or expense of making a special copy of it for the purposes of this return.

Mr. HOWE: I am told that the chief difficulty is the last paragraph. There is an immense file of correspondence. Possibly the time could be shortened if my hon. friend would drop into the office and we could discuss what is wanted.

Motion agreed to.

FREIGHT RATES ON GRAIN

DEBATE AND RULING OF MR. SPEAKER ON POINT OF ORDER RAISED BY MR. POWER ON THURSDAY, FEBRUARY 20

On the motion of Mr. Perley (Qu'Appelle):

That, in the opinion of this house, the domestic freight rate on grain and grain products moving from any point in the provinces of Manitoba, Saskatchewan, Alberta, and British Columbia, to a point in any of the said provinces, or from any point, to another point, in any of the said provinces, be adjusted or reduced to at least not more than three cents per hundred pounds over the existing export rates.

Mr. SPEAKER: Before we proceed with this order I might draw the attention of the house to the fact that on Thursday last when this motion was called a point of order was raised; I ventured to suggest a certain opinion, and the matter was postponed until to-day. If any hon. member would like to express his views or discuss the point of order I am ready to hear him before I give a final ruling.

Hon. C. D. HOWE (Minister of Railways and Canals): The statement was made that there is a very material difference between the subject matter of this motion and the subject matter of the bill presented by the hon. member for New Westminster (Mr. Reid). I looked into the question rather carefully, and I can see very little difference. It seems to me that if the bill presented by the hon. member for New Westminster were to pass there would be nothing left to debate on the subject matter of this motion. I think that the mover will agree that the question to be discussed here is that of the domestic rates on grain moving westward. As far as the interprovincial movement is concerned, it does not seem to me that there is anything to engage particularly the attention of the house. The export rate on grain to Fort William from any point is known; it is the Crowsnest rate. So far as grain moving between the provinces in that direction is concerned the rate is in no case higher than the Fort William rate. So that I think when boiled down it simply means that whereas the hon. member for New Westminster moved that the domestic rate on grain moving westward be equalized with the export rate, this motion provides that the rate on grain moving westward shall be set three cents higher than the export rate. It seems to me that these bills very closely duplicate each other, and that the ruling of Mr. Speaker as first given is entirely correct.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, if this were a matter of legal argument one might understand the observations of the Minister of Railways (Mr. Howe), but it is a question of reading words. All that is necessary is to read the bill and the resolution. I shall take the bill first. It deals with traffic "moving westwardly from Fort William, and from all points on all lines of railway west of Fort William, to Vancouver, British Columbia and to ports on the Pacific coast." It deals specifically with traffic from Fort William, or points on all lines of railway west of Fort William, to Vancouver, British Columbia, and to all ports on the Pacific coast. The resolution deals with an entirely separate and distinct matter. If the minister would only take the trouble to read the resolution he would not have been guilty of making the observations he has made this afternoon, because he will find that there is no similarity between them at all, and not a scintilla of evidence to support that view. Let us look at the resolution: "That, in the opinion of this house, the domestic freight rate on grain and grain products moving from any point"—not Fort William—"in the provinces of"—not Ontario; not Fort William, but "Manitoba, Saskatchewan, Alberta, and British Columbia"—that is, traffic moving from those four provinces westward—"to a point"—not Vancouver or Pacific points—"in any of the said provinces,"—that is interprovincial trade —"or from any point, to another point, in any of the said provinces," be adjusted or reduced to at least not more than three cents differential. Now, all one has to do is to read, and I am sure if that is read by the Minister of Railways he will not suggest that these two things are the same.

Hon. ERNEST LAPOINTE (Minister of Justice): Vancouver is not mentioned in the resolution, but surely it is included.

Mr. BENNETT: No.

Mr. LAPOINTE (Quebec East): But "any point" includes British Columbia and Vancouver. I am of the opinion that the ruling as indicated a few days ago by Mr. Speaker is the proper determination of the point of order, not only because the question raised by the hon. member for New Westminster

was there first, but because it is a more effective way to come to an effective result. In other words it would be more effective to have a bill than an academic resolution, or, if you like, a pious wish.

Mr. HEAPS: As a matter of information may I ask which was on the order paper first, the bill or the resolution?

Mr. BENNETT: The resolution was on the order paper first.

Mr. PERLEY (Qu'Appelle): I sent the resolution to the clerk of the house early in the new year. I notice the Minister of Railways (Mr. Howe) spoke of interprovincial shipment, and suggested that it does not matter very much, but may I say that that is an important part of the argument I wish to adduce. I would point out further that the bill introduced by the hon. member for New Westminster provides for equalization, whereas the resolution provides for an adjustment of the differential down to within three cents.

Mr. REID: In answer to the question asked by the hon. member for North Winnipeg (Mr. Heaps) may I point out that no person can put a bill on the order paper until the house meets. The bill standing in my name would have been on the order paper as soon as the dissolution of the last parliament, but I could not do it then.

Mr. BENNETT: But it was not.

Mr. HEAPS: I should like to have the question answered, if I may, because the question is important whether a bill which comes in subsequently to a resolution has priority, or whether preference should be given the resolution.

Mr. LAPOINTE (Quebec East): I do not think it is important, because the bill has been discussed.

Mr. MACKENZIE (Vancouver): May says at page 272:

> A motion must not anticipate a matter already appointed for consideration by the house, whether it be a bill or an adjourned debate upon a motion.

Therefore a bill cannot be anticipated by any general resolution which has not yet been so considered. That is the entire point for your consideration, Mr. Speaker.

Hon. C. H. CAHAN (St. Lawrence-St. George): May I reply to the Minister of Justice (Mr. Lapointe) who called attention to the fact that the bill deals with traffic from Fort William and Port Arthur in Ontario and all points west—

Mr. REID: And it is grain traffic.

Mr. CAHAN: But the resolution deals with domestic traffic between points in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia. Certainly there are two distinct classes of traffic dealt with by the bill and the resolution respectively. They are not identical by any means. The right hon. leader of the opposition has stated that the test is this: despite the passage of the bill, the resolution would still have effect if adopted?

Mr. HOWE: I should like to ask the mover of the resolution this question: Has any part of his argument to do with anything but domestic rates on grain from the prairies to the Pacific coast?

Mr. PERLEY (Qu'Appelle): Yes, the interprovincial rates.

Mr. HOWE: There is no movement of interprovincial grain, except to the coast.

Mr. PERLEY (Qu'Appelle): Yes, there is all sorts of movement from one point in a province to another point. They are shipping grain from the northern part of Saskatchewan to the southern part for feed purposes.

Mr. SPEAKER: Does any other member wish to speak to the point of order?

Hon. H. H. STEVENS (East Kootenay): I should like to make my position clear, in the event of there being an appeal from Mr. Speaker's ruling. I do not know what his ruling will be, but I anticipate he will rule that the resolution is out of order. I am inclined to agree that that view is correct, because while the language in the bill is not the same as that used in the resolution, I find that the bill does use the expression—

> —from all points on all lines of railway west of Fort William to Fort William or Port Arthur, and to all such traffic moving westwardly from Fort William, and from all points on all lines of railway west of Fort William, to Vancouver, British Columbia and to ports on the Pacific coast, over all lines now or hereafter constructed by any company subject to the jurisdiction of parliament.

To appreciate the significance of those words we must remember that it was some few years ago that the act which made the Crowsnest rates effective was amended to enlarge the original act to apply in large degree to the prairie provinces. The bill of the hon. member for New Westminster seeks to enlarge the original legislation so that it will encompass the British Columbia coast. At the same time, as I read the bill it would apply just as well to all lines in the prairie provinces. The bill may not be

worded as clearly as it could be, but that is a condition which could be dealt with in committee of the whole. I see no difference between the meaning of the bill and the meaning of the resolution, with the exception that the resolution makes a reservation of three cents, and the bill does not. That, again, is a matter which could very well be considered in committee of the whole. If your honour rules the bill out of order I am seeking to make clear my reason for supporting your ruling.

Mr. SPEAKER: On Thursday I began to give a decision in this matter which, to-day, I shall complete as follows:

The adjournment of the debate last Thursday on the second reading of Bill No. 2, an act to amend the Railway Act (rates on grain), meant that the question shall again be considered at a future sitting when the order for public bills will be reached. This is what is called, in parliamentary procedure, appointing a matter for consideration by the house. May, page 272, gives many precedents showing that the discussion of an appointed matter cannot be anticipated by a motion. The bill proposes to extend to the westward traffic, from Fort William to Vancouver and the Pacific coast, the rates on grain and flour agreed to in the Crowsnest pass agreement embodied in its essence as follows in the annual statutes of 1897:

> That there shall be a reduction in the company's present rates and tolls on grain and flour from all points on its main line, branches or connections west of Fort William to Fort William and Port Arthur and all points east, of three cents per one hundred pounds.

The order adjourning the debate had been passed by the house when Mr. Perley, the hon. member for Qu'Appelle, moved that domestic freight rates on grain products, from and to any point in the province of Manitoba, Saskatchewan, Alberta and British Columbia, be reduced to at least not more than three cents per hundred pounds over the existing export rates.

There is sufficient similarity in the bill and the motion to confine them to one debate. The domestic rates dealt with in the motion are included in the rates and tolls on grain and flour mentioned in the Crowsnest agreement. The question centralizes on grain rates in western Canada, and debate thereon could not be allowed last Thursday a few minutes after the house had adjourned it to a future sitting. The difference in details between the two propositions may be dealt with by moving amendments when the bill is in committee of the whole, but it is not sufficient to justify a duplication of the debate. It is a well known principle that the same question cannot be raised twice in the same session.

The main object sought both by the bill and the motion is the reduction of rates on grain and its products moving westwardly in the prairie provinces and British Columbia. They are both intended to put an end to an alleged unfairness in the present rates, and the whole debate, which will be centred on that grievance, must take place on the bill and not on the motion.

As Campion says, in applying the anticipation rule, preference is given to the discussion which leads to the most effective results, and this has established a descending scale. A bill has the right of way and cannot be sidetracked by a motion.

I cannot follow any other course than to decide that the discussion of Mr. Perley's motion is blocked by the adjournment of the debate on Bill No. 2, and for that reason, I have to declare that the motion cannot now be debated and must be struck off the order paper.

This decision does not prevent the subject matter of Mr. Perley's motion from being discussed when the bill is under discussion.

Mr. BENNETT: Your honour has not dealt with the fact that the resolution had priority on the order paper. I appeal from the Speaker's ruling.

Mr. SPEAKER: The Speaker having declared that the motion of Mr. Perley (Qu'Appelle) is out of order, the right hon. leader of the opposition (Mr. Bennett) appeals from the decision of the Chair. Is it the pleasure of the house that the decision of the Speaker be sustained?

And the yeas and nays having been called, the ruling was sustained, on division.

BANKS AND BANKING

PROPOSED NATIONAL OWNERSHIP AND CONTROL OF BANK OF CANADA AND CHARTERED BANKS

On the motion of Mr. Coldwell (Rosetown-Biggar):

> That, in the opinion of this house, the government be requested to submit for the consideration of this house such legislation as may be necessary for the national ownership and control of the central Bank of Canada and the chartered banks.

Mr. SPEAKER: Before this motion is proceeded with, I suggest to the hon. member that it might be advisable for him to amend

his motion, as otherwise I am afraid I shall be bound to declare it out of order as I did the motion of the hon. member for North Winnipeg (Mr. Heaps) the other day, on the ground that in my opinion if this motion were carried it would involve the expenditure of public money.

Mr. COLDWELL: I would ask, Mr. Speaker, that the motion stand until I have had an opportunity of considering the point.

Motion stands.

COOPERATIVE COMMONWEALTH

CONCENTRATION OF ECONOMIC POWER—PROPOSED PUBLIC OR COOPERATIVE OPERATION OF UNDERTAKINGS FAILING TO FUNCTION IN THE GENERAL INTEREST

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved:

Whereas, the concentration of economic power in the hands of a comparatively small and irresponsible group has failed to provide security and a decent standard of living for large numbers of our people;

Therefore be it resolved, that; in the opinion of this house, industrial, commercial and financial organizations and undertakings that are failing to function in the general interest should be taken over by the appropriate public authorities and operated as public services or cooperative enterprises.

Mr. STEVENS: Mr. Speaker, I note you mentioned my name as seconder. I thank you for the compliment, but my name is not attached to the resolution.

Mr. SPEAKER: I would draw the attention of the hon. member (Mr. Woodsworth) to the remarks I made on the motion that was presented to the house just before this one, as they will apply to this motion, I am afraid, if it is not amended.

Mr. WOODSWORTH: Mr. Speaker, the hon. member for North Winnipeg (Mr. Heaps) is seconding the motion, not the hon. member for East Kootenay (Mr. Stevens) as called from the Chair. Do I understand, Mr. Speaker, that objection is being taken to this resolution? If so I would point out that on several previous occasions in this house a resolution of this kind has been introduced without any question whatever. The resolution lays no specific burden upon the government in any way whatsoever. From my standpoint it would be extremely unlikely to add any burden; in fact, I think it would relieve the government of a great many of the burdens it now carries. I submit, Mr. Speaker, that if anything can be properly brought before the house, a resolution of this kind is in order.

Mr. LAPOINTE (Quebec East): Mr. Speaker, I may say on behalf of the government that we have no objection to this resolution being discussed.

Mr. SPEAKER: The hon. gentleman may proceed.

Mr. WOODSWORTH: Speaking to the resolution, for several years I have introduced a resolution urging a new economic and social set-up, which I have called the cooperative commonwealth, and the need for it is more pressing to-day than ever, especially in view of the disturbed international situation. Again, we have a new house and many of the members have not heard the point of view of our group.

Last year I was able to summon the present leader of the opposition (Mr. Bennett), then Prime Minister, as my star witness to the failure of capitalism, and had the legislation of his government implemented the promises of his earlier radio addresses the situation in the house and throughout the country might have been very different to-day. This year I propose to use rather freely the report of the royal commission on price spreads, and although my friend from East Kootenay (Mr. Stevens) did not see his way to second this resolution I gladly accord him recognition of the great benefit he conferred upon the country by taking the initiative in urging that investigation. The present government, of course, is not responsible for the report. Several of the Liberal members of the committee made reservations, one wrote a dissenting report. However, I would point out that the government is decidedly responsible for solving the problems revealed by the report and by the evidence.

That economic power is concentrated in the hands of a comparatively small group is generally conceded, except perhaps by the members of that group. I should like to call attention to a very fine case put forward in a recent book called Social Planning for Canada, with particular reference to the chapter dealing with the structure of Canadian industry. I quote:

There were once more than forty banks in Canada. There are now ten. Of these, the three largest do 70 per cent of the business. The four largest 80 per cent and, though they compete strenuously in service, they present a united front on interest rates.

Mr. McLEAN (Melfort): Would the hon. member be good enough to tell us who is the author of that book?

Mr. WOODSWORTH: I am referring to a book entitled Social Planning for Canada, published by the research committee of the

League for Social Reconstruction. I am glad the hon. member gave me an opportunity to state the authorship of this book. The price spreads report states at pages 25 and 26 that of the non-financial corporations, the total assets of 100 of the largest companies increased during the period 1923 to 1933 from $5,095,651,000 to $7,324,323,000, or 43·7 per cent. Excluding five transportation companies, the increase was 83·6 per cent. Then, as I have tried to point out from time to time in this house, we have a system of interlocking directorates. As one writer puts it, our business leaders spread their tentacles over every phase of human life. We are born in their hospitals, we are buried in their cemeteries. In the interval it is they who decide what we shall eat, what we shall drink, what we shall wear, what we shall see, what we shall hear and what we shall smoke.

In my resolution I state that this oligarchy is irresponsible. I do not use that word to mean that it is crazy, although it often acts in a way which in my judgment would show that it is in reality blind to its own ultimate interests. I use the word in the sense that it is not responsible to any duly constituted authority. Industry to-day is self governed. Let me quote from page 13 of the price spreads report, as follows:

It has shown—

Referring to the evidence—

—that a few great corporations are predominant in the industries that have been investigated; also that this power, all the more dangerous because it is impersonal, can be wielded in such a way that competition within the industry is blocked, the welfare of the producer disregarded, and the interests of the investor ignored.

And again:

—the corporate form of business, not only often gives freedom from legal liability, but also facilitates the evasion of moral responsibility for inequitable and uneconomic practices.

I think we are all aware, as is stated in the report, that to a large extent the greatest expansion in our corporations has occurred during this present century. With regard to the ownership and control of corporations the report states that the development of the corporation with its multiple shareholders has made it possible for an individual to own without controlling, and to control without owning. This means that control over the physical assets of the instruments of production and distribution is passing from the property owner to the managerial groups. This is altogether a new and rather menacing development in our industrial, commercial and financial life. The report then goes on to show the various methods by which this condition has been arrived at. We have the minority control attained by means of the proxy system. Every hon. member knows that at annual meetings it is next to impossible for a small shareholder to obtain any redress or even to get information which it may be necessary he should have. One very significant statement in the report is that very few directors own more than one per cent of the voting stock of the companies they direct. We talk about democracy in politics, but I submit that there is an absolute negation of democracy in our industrial life when only a few directors have any great stock ownership in the companies which they control. The report summarizes the various devices by which minority control is maintained. I should like to quote from the report very briefly in order to bring the whole picture before the house. There is the holding company which owns a controlling interest in the voting securities and in this connection the report reads:

The holding company may also be used to recapitalize the financial structure of one or more enterprises through a substitution of its securities for securities of subsidiary companies.

The report states that almost invariably this is a form of stock watering. It states that the holding company may also be used to pyramid the voting control to give its organizers, with a minimum amount of investment, control over the subsidiary. Without going into the matter in too great detail, I might mention also the devices of non-voting stock and the voting trust. The report concludes by stating:

These facts support the view that the real motive of many consolidations was financial gain to the professional promoter and investment dealer.

And again:

In general, the refinancing schemes were so constructed as to afford the public the privilege of subscribing the requisite amount of cash while endowing the promoters with unhampered control of the new companies.

The whole matter is summarized in these words:

This summary of earnings histories points to the following conclusions:—

(1) That the refinancing operations were attended by gross over-valuation of assets and consequent over-capitalization.

(2) That the so-called bonds, preferred shares and class "A" shares had in many instances no real equity junior to them; in other words, that the receivers of the common stock gave no real consideration to the company for the issue of these shares.

Certain references to corporate practices were made in the evidence but time does not permit my going into the evidence in detail.

Several illustrations of corporate practice were given. The first case was that of the Robert Simpson Company, and in this connection the report states:

> In creating the security-structure an additional burden of fixed cost of $1,000,000 per annum, was placed on the operating company.

The report refers to two appraisals of the fixed assets of the Canadian Appraisal Company, by virtue of which over $8,000,000 was written into the capital. These are not my words, these are not vague speculations, they are conclusions arrived at by the commission from the evidence. There was the Burns case involving a write-up of assets for the purpose of establishing a nominal asset value to cover the value of new securities, in other words, stock watering. The report states that this represents a distinctly doubtful case of an investment house misstating the income figures. The report questions the propriety of a refinancing, utilizing these practices at the height of a business boom. It says, referring to this practice:

> One of the most flagrant which we have encountered. We wish to condemn without reservation or equivocation such financial malpractice as it illustrates.

If a man steals a loaf of bread he is liable to be sent to gaol, but it is quite possible that a man may steal from the public a million dollars and be regarded as one of the pillars of society. I submit that it is the responsibility of this government to place upon the criminal code such provisions as will enable the public to punish those who have so defrauded society and to seek the restitution of their ill gotten gains.

Another instance was given, that of Canadian Canners, and the reorganization of the company's plant, revaluation and appreciation —at least $6,000,000, equivalent to over 50 per cent of the outstanding capital stock. This is what is said, and I would call this to the attention of the Minister of Justice (Mr. Lapointe) if he would do me the courtesy of caring for any of these matters. May I ask that he be prepared to consider rather carefully some of these statements, which it seems to me affect fundamentally the administration of justice in this country. With regard to Canadian Canners, the report speaks of an inaccurate statement—a very mild term—of the company's financial position. It declares:

> An inaccurate statement of the company's financial position was shown by the balance sheet presented to the shareholders in 1932; this was signed by the company's auditors, only subject to certain vital qualifications. The profits as shown did not in fact exist.

We have all heard of men who were carried off to gaol for selling some little article under false pretences; we know of men who have been imprisoned for having forged a cheque for a few dollars; and yet here are men in responsible positions, belonging to an organization that is supposed to be above reproach, responsible for the signing of statements in which we are told that the profits as shown did not in fact exist. Take this summary of the situation—again I quote from the report:

> Vendors and promoters allot shares to themselves for services and properties contributed to the company at a figure grossly in excess of any possible intrinsic value. . . . . The courts will force a man who has paid $99 for a $100 par share to contribute the other dollar; they seldom do anything about the man who has contributed a table worth possibly $10 at the absurd valuation of $20,000.

This is not a matter that affects only the individuals immediately concerned; it is a load on the whole consuming, the whole general public, who directly or indirectly must pay a tax because of such practices. In any case, I submit that it is the public that pays. One law for the rich and one for the poor; that has again and again been denied in this house; but I submit that we do not need to go outside the covers of this report for the most adequate evidence that that in fact really obtains.

A few years ago we had a very careful investigation, two or three in fact, into the Beauharnois scandal; but these investigations led to no punishment whatever. They led to no restitution to the public of properties that had been obtained in a scandalous manner, and now we are being besieged by second bondholders who are urging that they have been left holding the bag.

To no small extent does this irresponsible oligarchy control government policy. To the truth of our statement the statute books give the most eloquent testimony. It was only the other day that the Minister of Finance (Mr. Dunning) asserted very emphatically that it was not true that property rights took priority over human welfare. I have not time to argue the point in detail, but I suggest that all anyone has to do is to look over our statute books and over Hansard to see the reception which various resolutions and bills have met with, to my knowledge at any rate, in the last fifteen years. You have only to do that to find that property rights are very well guarded indeed but that in a great many instances human rights are callously disregarded.

The situation in Canada is not the result of socialistic experiment. Any of us who advocate anything new along this line are told that it would plunge the country into chaos. I say that the situation we face to-

day is decidedly not the result of any socialistic experiments; it is the result of years of capitalist domination. The big business men of this country have had a free hand. I think it is really a curious thing that to-day these big business men come along and tell us that we must not experiment, and try to blame the public for a situation for which they themselves are very largely responsible.

I have tried to point out that we have a small oligarchy that controls the economic situation. I think that is clear from the evidence, and I go further and assert that this system has failed to provide security and a decent standard of living for large numbers of our people. What about the primary producer? I give the results of an investigation that I myself made on the basis of the census figures of 1931. In the census year there were 728,623 farms in Canada and the average income per farm would be slightly less than $700. This figure would include cash income and value of products raised on the farm for consumption by the farm population. The value of the farm income, which was already small enough in 1930, had been reduced by one-quarter by 1932. It means that the average farmer to-day receives an income of only around $500 a year. Is that a satisfactory condition for our agricultural producers? The report states:

> It is clear that the fundamental problem of the primary producer is finding profitable markets. The difficulty is not that he cannot produce enough goods. Nor is it that, having regard to potential demand and consumption, he produces too much; neither is it that his products are not needed and desired. It is simply that they cannot be sold at a price sufficiently high to maintain a reasonable standard of living for the producer nor, paradoxically, bought at a price sufficiently low to permit necessary consumption by all in need.... At the same time, free competition in the international market is checked on every hand by tariffs, quotas, exchange, restrictions and embargoes. The primary producer is therefore denied the possible benefits of free competition in the buying markets of the world; is exposed to all the rigours of free competition in production at home; and finally, is subjected to exploitation by outright monopoly or imperfect competition among the domestic purchasers of his product. ... Between the farmer and the consumer there is an immense gap bridged by a chain of middlemen each of whom exacts a proportion of the consumer's dollar. In many instances the amount received by the farmer for his product is only a fraction of that realized by this array of middlemen.

I should like to ask what the Liberal government propose to do about this situation. As a matter of fact very few members of the government are in their seats at present; I see the Minister of Labour (Mr. Rogers), the Minister of Fisheries (Mr. Michaud) and a few others. I should like to ask them what the government propose to do about this situation which bears so hardly upon the producer. I turn to the Minister of Labour; what about labour? Let me point out to the minister that two-thirds of the working population of Canada are wage-earners; that is, 2,565,000 out of the whole working population of 3,923,000. If agriculture, in which over 1,000,000 people are engaged, chiefly as proprietors, were eliminated the proportion would be increased to nearly five-sixths. The report points out that each employer starts his negotiation of the labour contract with the bargaining advantage of a mass buyer.

I am not going to plead the cause of trade unionism here, but what about the conditions of labour in Canada to-day? Take the needle trades. I ran hurriedly over the various industries as to which we have evidence in this report. In the needle trades I find that in some Quebec country home-work contract shops the workers receive only five cents per hour. Wage rates are very low; hours are very long. I quote this phrase:

> Frank exploitation of labour's weakness has been common.... There are frequent and continuous violations of the laws about employment conditions, hours and wages. Female operatives were sometimes forced to work at such high pressure for continuous hours that the result on health and morals was deplorable.

This is the conclusion:

> That labour and wage conditions in this branch—

That is, the needle trades.

> —of Canada's industrial activity are such as to merit the most emphatic condemnation. They should not be tolerated in any state that claims to call itself civilized.

I would suggest that the Minister of Labour has a pretty big job on his hands when that statement is made in the report of the price spreads committee, with regard to conditions in this country.

> The worker in the clothing industry can expect neither comfort nor security; in many cases, he can, indeed, expect only hopeless poverty.

What about the rights of citizenship? We have always taken it for granted that we did not need any laws on our statute books to protect certain rights of citizenship; we thought they were inherent, but these people have no rights, not even the common right of earning a decent livelihood. And what about those employed in the leather and boot industry? In 1931 the average annual

wage was $764, while female workers earned from thirteen to twenty-six cents per hour. Then there is furniture; I am just taking casual sentences. The average weekly earnings in each furniture factory ranged from $3.64 to $14.42, and averaged about $10. So it is with baking, with flour milling. In connection with meat packing, I have underlined this sentence:

> The lowest average weekly wages found were $15.89, paid in the Hull plant of Canada Packers. In this plant 39·2 per cent of the employees were paid below the legal minimum for women in Ontario.

Here is another sentence, with regard to fruit and vegetable canning:

> —both male and female time workers were paid as low as ten cents an hour.

Then we have the tobacco industry, to which I think so much publicity was given that I need not say very much about it to-day. The report states:

> The most striking fact revealed by our evidence on the tobacco industry is the combination of low wages and high profits.

We all know from the press how low were those wages and how exorbitantly high were those profits. Then what about textiles? I quote:

> —the average wage rate for all male workers was ten cents per hour—

The report was speaking of M. E. Binz Company, Limited. Then a word with regard to the food chains:

> —In the Quebec division three companies had fifty per cent or more of the male grocery clerks receiving less than $10 per week, but three companies had also twenty-five per cent or more of their female employees in this class—hours of labour of employees of food chains are longer than any worker should be asked to endure—

Let me call that sentence to the attention of the Minister of Labour and ask him what he proposes to do about it. I have spoken about the situation of the producer and the situation of the labour man. What is the situation of the small business man? In approximately one-third of the retail business of this country the personal factor has largely disappeared; that is the social side.

> Economically, the unwarranted expansion in recent years in distributive, as in industrial organizations, has not contributed to the general welfare—

What about the consumer? Well, frankly the consumer—and let me point out that we are all consumers—has been cheated all along the line.

> —such practices include: false and misleading advertising and marking; misleading statements as to quality of products, including designation of grades of goods likely to confuse or deceive rather than inform the consumer—short weight and unjust scales—

Again I ask the Minister of Justice what his department is going to do with regard to wholesale cheating of this kind. Surely that is just as much a criminal offence as anything we have prohibited by statute. Then let us look at the milling interests; although the Minister of Finance is not present I think perhaps he ought to give this house some indication as to what can be done in that industry. In this report the statement is made that the public and not the industry has been bearing the burden of its cost. Take bread; there has been an increase in the spread between flour and bread prices from 2·33 cents per pound in 1916 to 5·13 cents per pound in 1930, which is equal to 4·2 cents per one and one-half pound loaf. Whether we look at it from the standpoint of the producer, the business man, the labour man or the consumer, here we have a situation that is very unsatisfactory, to say the least.

What can be done about that situation? Last year the right hon. leader of the opposition (Mr. Bennett) attempted to do something. Most of his legislation seems in a fair way to be put on the scrap heap. What are the Liberals going to do? They are now the government in power. The older economic theories of the Liberals, I think, were fairly well expressed by Mr. E. J. Young, who formerly represented the constituency of Weyburn. What did he say with regard to monopolies:

> The only effective way to deal with monopolistic organizations is to expose them to merciless competition, which will force them to efficiency or to bankruptcy—

Surely the Liberals ought to understand that it is owing to merciless competition that we have arrived at the state in which we find ourselves to-day. It is by merciless competition that the big fellows have been able to drive the little fellows to the wall.

With regard to export trade—and I think this is a matter that the Liberals will have to consider seriously—this is what Mr. Young said:

> In order to dispose of our exports, we must sell them at prices the people of other countries can pay.
>
> To do this, it is necessary to keep our production costs down to a point that will enable us to compete in the markets of the world, with other countries producing similar products.

Are we then to reduce our production costs by driving labour still lower? I ask the Liberals in all seriousness, is that their only solution? I am glad to think that the great Liberal party is gradually getting away from that old laissez-faire policy.

Here are some lines that I found not long ago in the Manchester Guardian. The poem —if it can be called such—was entitled, Lancashire:

.... then came steam
....
Machines that marched the floor with the measured precision of the planetary system,
And towns that sprawled in muddles of beastliness:
Had hands tender as a lover's for yarn and hard as Cain's for the children they enslaved.
....
See the woman weaving in that steam-heated shed?
There's a kid coming.
But the Act says she mustn't go on weaving after....
Oh, it does, does it?
And the Act says the humidity mustn't exceed....
Oh, it does, does it?
Mustn't exceed warm tea. She's stood eight hours:
Is she tired? Oh boy?
....
They've found how to save the cotton trade;
London chap, he found it. He spent a whole day in Manchester.
Lancashire must reduce her costs and recover the export trade.

Exactly the position stated in the dissenting report of the former member for Weyburn. The lines go on:

Lancashire must—Oh, my God.
I know an economist lives in a library and studies trade.
It's the best place. Inside a library you see all trade, and outside you only see part, the part that hurts,
Demand he said, is satisfied from the cheapest supply.
Productive energies which no longer conform to this condition should be transferred to alternative activities.
What sheltered lives these long words lead! Never been soaked with sweat or cold with fear. Never been parts of men, like short words.
Productive energies which no longer—that's me and my mill. Are you getting it?

That is the attitude of finance. I am not accusing the Liberals of callous disregard of human suffering, but I say to them that in view of the deplorable conditions that exist to-day, whatever their theories, this country expects them to take some immediate action to solve these outstanding problems. I think most of them, and I hope most hon. members of this house, will agree with the conclusions of the price spreads commission in this report:

The depression has, furthermore, demonstrated that the strong and the organized are attaining an ever increasing position of dominance in our economic life; that economic power is becoming concentrated. With this concentration, old theories of economic control are proving inadequate.

[Mr. Woodsworth.]

. . . Unregulated competition no longer guarantees efficiency and maximum production at fair prices. Competition degenerates sometimes into economic warfare where victory may go to the strong, rather than to the efficient. Forces of economic readjustment are often not self-correcting, but cumulative in their efforts. Orderly readjustments may develop into disorderly crises.

I congratulate the Liberals upon having put into the speech from the throne the statement that appears there with regard to the necessity of state intervention under certain circumstances. That is all to the good.

It is most unfortunate that there was no one on the price spreads commission who stressed public ownership and operation. Indeed the commission definitely expressed a prejudice against it. But they did say:

Under present conditions, then, the question is not intervention or non-intervention, but merely the nature and extent of intervention.

I wish we could have had that clearly recognized; we would have had much more illuminating discussions on the hustings in the last election. The report extending over some pages covers various forms of state control, I have time only to enumerate them: (a) Protection of private economic activity; (b) promotion of private economic activity; (c) the encouragement of monopoly; (d) licensing; (e) protection of the public; (f) prohibition of monopoly; (g) government acceptance of monopoly; (h) government toleration of monopolistic or quasi-monopolistic industrial combinations, such as cartels, and, (i) public ownership and operation. It is this last which is treated so very slightly in the commission's report, but which we believe ought to form a line of policy for this country. This is what the report said:

The extreme example of government intervention is where the government engages directly in the ownership and operation of business enterprise. Government ownership and operation of postal services, schools, and roads provide some of the oldest examples. In violation of extreme individualistic theories, governments nearly everywhere have taken these enterprises out of private hands, sometimes simply because private enterprise could not profitably supply satisfactory service, sometimes because it did not operate to produce maximum social welfare. Public ownership for a variety of reasons—to provide a competitive check on private enterprise, to supplement ineffective regulations of monopoly, to control consumption, to provide revenue—has continued to expand until a world survey of such ownership to-day would include every type of economic activity. In Canada governments are directly engaged in such businesses as railways, steamships, street railways, telegraphs, telephones, radio, electric light and power, water, gas, stockyards, grain elevators, public markets, liquor sales, banking, and insurance.

Under these circumstances I submit that we of the Cooperative Commonwealth Federation party are quite within our rights and indeed in the line of progress in urging that the government itself should take over many of these enterprises. The question is not individual enterprise versus bureaucratic monopoly, but rather whether the inevitable monopoly shall be irresponsible and inefficient as at present, or fascist in type, or democratic. We plead for democratic control in industry. I know that in Canada there is some difficulty in working out our policy owing to the division of powers under the British North America Act as between the provincial and the federal authorities, but I submit that we as a federal parliament could do a great deal more under the British North America Act than we are doing at present. Hon. members will remember the clause by which complete control is given the dominion over—

—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. (92, 10c.)

I think the hon. member for East Kootenay is right in saying that very much more could be done than is being done under that act. Then I urge further, and I trust that some of my colleagues will develop this point, that within the framework of state control there should be the fullest opportunities for cooperative enterprises, both consumers' and producers' cooperatives: I should like also to have emphasized that it is not the goods that we need socialized, but the capacity to produce.

Under a cooperative commonwealth, instead of profits for a few we would give service to the many, to the whole community. We would seek to establish democracy in our every day living. Remember that five-sixths of the non-agricultural working population consists of wage earners. To-day they have no control of the very means by which they live. Can that condition be called democracy?

Especially in view of the international situation, caused we believe to a great extent by the economic forces at work in the world, we urge that it is desirable that we substitute for our highly competitive system one based on cooperation. I wish every hon. member could be induced to read a recent book by H. N. Brailsford entitled, Property or Peace. I firmly believe a fundamental change in our economic system is the only way to bring about lasting peace. Permanent peace can be assured only when the underlying principles of cooperation replace those of competition.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I find it a little more difficult this session to oppose the resolution of the hon. member for Winnipeg North Centre, because—

Mr. WOODSWORTH: Within a year or two my hon. friend will be fully converted.

Mr. MacNICOL: I would ask the hon. member to wait until he has heard what I am going to say. I find it somewhat more difficult to speak on this occasion than I did on occasions in the past four years upon which similar resolutions were moved, and at which times I sat in the far corner of the chamber to the right of Mr. Speaker. My difficulty arises not because of the resolution itself—it is just as communistic as was each of the four preceding ones—but because this session I am sitting close to the hon. member and when I look into his gentle eyes, when I observe his kindly smile, his sympathetic countenance, I know that although in my opinion he preaches communism again in this resolution, he is not a communist.

To place my argument on solid ground I shall begin by reading the four resolutions introduced at earlier sessions. Although they have changed somewhat in wording, I would say the import of each is the same. Leaving out the preambles, I refer first to the 1932 resolution, which was couched in these terms:

Should immediately take measures looking to the setting up of a cooperative commonwealth in which all natural resources and socially necessary machinery of production will be used in the interests of the people and not for the benefit of the few.

In 1933 the same words were used. Then, in 1934 the resolution was as follows:

That in the opinion of this house it is desirable that the present system be superseded by one based on the principle of cooperative production and distribution in which human needs should be the first consideration.

Then, in 1935, last year, these were the words of the resolution:

It (the capitalistic system) should be superseded by a cooperative commonwealth in which the profit motive has been subordinated to that of public service and ruthless competition replaced by collective ownership under democratic control.

Then, the resolution now before the house is:

Therefore be it resolved that in the opinion of this house industrial, commercial and financial organizations and undertakings that

are failing to function in the general interest should be taken over by the appropriate public authorities and operated as public services or cooperative enterprises.

I wish to compliment the hon. gentleman, because I notice a definite change in his attitude. He gets milder and milder every time he places resolutions of this nature on the order paper, and when a moment ago he interrupted by stating that finally I would find myself "fully converted," or words to that effect, I might have replied that if he continued to get milder he might finally find himself in the Liberal-Conservative party. All the communistic end of his advocacy will be eliminated.

Mr. LAPOINTE (Quebec East): Congratulations.

Mr. MacNICOL: I should like to refer to one or two points with which the hon. member dealt. In general his observations referred to the price spreads report and were not directed particularly to the resolution before the house. Something was said about mergers. I am just as much opposed to unwarranted mergers as is the hon. member. An occasional merger may be effected for the benefit of business, but I agree with him that the rank and file of mergers are a menace to the country. I have a clear recollection that the greatest merger in the world is found in soviet Russia, where everything is under the control of the state and there is no private individuality in business.

With the hon. member's observations about stocks I find myself largely in agreement. Many of the stock speculations which took place in the last few years were an outrage on the rights and privileges of ordinary people, and if the hon. member moved a resolution to rectify those abuses I would be pleased to support him. I could give many illustrations of the dire effects of stock speculation in the last few years, and I am one who believes that those speculations had much to do with bringing about the depression.

I agree with the hon. member's observations about the farmers, to the effect that their incomes are too low. On the other hand I disagree with his statements about industry. I know of many industries which during the last four or five years have been operating without a profit and, on the contrary, have suffered great losses. I know presidents and managers, men who own their own plants, who have not drawn a dollar in the last four or five years, whereas on the other hand they have spent large sums of money to keep their men employed.

[Mr. MacNicol.]

Subject to the hon. gentleman's correction I shall classify the planks of the Cooperative Commonwealth Federation platform as set out in the resolutions quoted and in the speeches made upon their presentation to the house. I would classify them under five headings: (1) The socialization of finance including banks, trust companies, insurance companies and financial institutions; (2) the socialization of the companies or services having to do with travel and transportation, such as railways, shipping companies, automobile companies and air travel companies; (3) the socialization of word communication services, either by wire, through the use of telephones and telegraphs, or by wireless.

May I digress at this point to make some observations about telephones. A few days ago I read a news item in the press indicating that the socialization of telephones in Alberta had not been satisfactory, and that consideration is being given to disposing of the system by placing it in private hands. There are other social services which would have been better under the control of private interests, and which will likely cease to be public services and return to private hands.

I continue with the headings: (4) Socialization of natural resources such as timber, water power, mines, lands and fishing.

Mr. WOODSWORTH: The Cooperative Commonwealth Federation has never advocated the socialization of farm lands, in the sense of the government taking them over. We have always held that it is desirable that a person working on his own land should be made secure in his tenure of that land.

Mr. MacNICOL: I am glad to know that the hon. member's platform has gotten away from the socialization of land.

Mr. WOODSWORTH: It has never gotten away from it.

Mr. MacNICOL: May I quote from the speech of the hon. member when speaking to a similar resolution in this house on February 1, 1933:

> Last year the United Farmers of Alberta, in order that there should be no doubt about their ultimate objective, stated their position in very clear terms, adopting the following short definition of a cooperative commonwealth:
>
> "A community freed from the domination of irresponsible financial and economic power, in which all social means of production and distribution, including land, are socially owned and controlled either by voluntarily organized groups of producers and consumers."

Apparently socialization of the land has now been eliminated from the hon. member's platform.

Mr. WOODSWORTH: I am sure the hon. member does not wish to misrepresent me. He has quoted a resolution of the United Farmers of Alberta passed in convention before the organization which I represent came into existence, and I was quoting it in this house at that time as indicating the desire of a great many farm bodies for action along this line.

Mr. MacNICOL: I will accept the hon. member's explanation. The fifth division of socialization is that mentioned in my hon. friend's resolution, the socialization of industry and commercial services, which would mean, I assume, large factories, flour mills, milk and bread companies and wholesale commercial organizations.

Mr. WOODSWORTH: Did the hon. member read the rest of the resolution, may I ask?

Mr. MacNICOL: It says, such as are failing to function. I could mention many organizations that are failing to function, but it would not be fair for me to do so because they are failing to function not because they are not manufacturing properly, but because of the dire distress of the times, and these companies would be very glad to sell to the government or anybody else that would take them over.

Mr. WOODSWORTH: The resolution says "failing to function in the general interest."

Mr. MacNICOL: I have divided up in that way the five main groups of the objectives of the Cooperative Commonwealth Federation as set forth in the various resolutions and in the speeches made at the time of their presentation, and I say, Mr. Speaker, that that is nothing more or less than communism minus violence. I again quote the hon. gentleman's words and will ask him to correct me if I misinterpret him. In the same speech that he delivered in this house on February 1, 1933, speaking to the motion then before the house, he said:

> Let me say that we must distinguish clearly between the Cooperative Commonwealth Federation and communism. It is quite true that both believe in a changed social order, in a new economic system. The communists are convinced that this can be brought about only by violence. They think it cannot be done in any other way. We believe that it may come in Canada by peaceful methods.

Then there was an interruption, and my hon. friend continued:

> Mr. Woodsworth: It may very well be that force may prove inevitable.

I certainly do not for a moment think that the hon. gentleman would either advocate or countenance force in any way whatsoever, but if such a changed system comes about by violence, it is communism one hundred per cent.

Now I want to quote to the house what the communists themselves say, and may I point out that in reading over their platform I find many words and phrases identical with the words and phrases used in the various speeches to which I have alluded. I have in my hand a book written by M. J. Olgin, Why Communism?—Plain Talks on Vital Problems, which says this of communism at page 14:

> We propose, in brief, that all resources, all land and buildings, all manufacturing establishments, mines, railroads and other means of transportation and communication, should be, not private property, but the common property of all those who work. We propose that production be made to serve the needs of those who work. . . . . We hold with science that production and distribution of goods can be planned to avoid anything resembling the crisis in capitalist society. Planned economy on the basis of common ownership without any class division is called communism.

Then I quote from page 18:

> When we communists speak of a society organized on the basis of planned production and distribution we mean something entirely different. What we have in mind is very simple. It is clear-cut. Take over from the private owners all natural resources, all mines, factories, plants, railroads, ships. Turn all this into national property administered by the workers under a soviet state. Do away with production for profit. . . . . Make it your purpose to increase production. Employ the best services of scientists to improve your machinery and your methods of work. . . . . The output of industry is sure to increase. . . . . Increase production still more by further improving machinery and methods according to the latest data of science. . . . . Under a system of communism nothing would go to the private owners of land and capital because there would be no such owners, and everything would go to the working people because everybody would be a worker.

I have left out many sentences and have just quoted the platform of communism.

In another book issued by the communists, the Program of the Communist International, is a further elaboration of their platform, pages 38, 39, 40, 41, as follows:

> 1. The starting point of this great economic revolution is the expropriation of the landlords and capitalists.
>
> 2. The confiscation and proletarian nationalization of all large private capitalist undertakings (factories, works, mines and electric power stations) and the transference of all state and municipal enterprises to the soviets.
>
> 3. The confiscation and proletarian nationalization of private capitalist railway, waterway, automobile and air transport services.

4. The confiscation and proletarian nationalization of private capitalist communication services (telegraphs, telephones and wireless).

5. The confiscation and proletarian nationalization of all large landed estates in town and country (private, church, monastery and other lands) and the transference of state and municipal landed property including forests, minerals, lakes, rivers, etcetera.

6. The confiscation of all property utilized in production belonging to large landed estates, such as: buildings, machinery and other inventory, cattle, enterprises for the manufacture of agricultural products (large flour mills, cheese plants, dairy farms, fruit and vegetable drying plants, etcetera).

7. The proletarian nationalization of private banks (the entire gold reserve, all securities, deposits, etcetera. . .)

8. The nationalization of wholesale trade—

It will be noted that that is in the resolution now before the house—commercial organizations:

—and large retail trading enterprises (warehouses, elevators, stores, stocks, etcetera).

9. The repudiation of state debts to foreign and home capitalists.

Mr. TAYLOR (Nanaimo): Might I ask the hon. gentleman if he has read the Co-operative Commonwealth Federation manifesto?

Mr. MacNICOL: I have already developed it under five different headings.

Mr. TAYLOR (Nanaimo): I cannot understand why the hon. gentleman should quote the communist manifesto.

Mr. MacNICOL: I gave it a few minutes ago and you can give the Cooperative Commonwealth Federation manifesto if you find it any different from what I have given.

Let me go a little farther in a comparison of communism and C.C.F.-ism. I have here a newspaper clipping dated at London, Ontario, July 20, 1935. It is headed United Front Backs C.C.F. The subheading reads:

Endorsation Given London Candidate for Federal House.

E. O. Hall, C.C.F. candidate in London for the federal election, last night received the endorsation of a United Front conference.

The United Front has been described and pronounced as a communist organization. Later on I shall give a complete list of these organizations.

Mr. WOODSWORTH: Would the hon. gentleman permit me to say that the national and provincial councils of the Cooperative Commonwealth Federation have distinctly repudiated the proffers of the so-called United Front?

Mr. MacNICOL: I have read that, but the fact remains that your committee in London accepted the backing of the United Front.

[Mr. MacNicol.]

Mr. WOODSWORTH: I have no knowledge of that, and I do not believe it is true.

Mr. MacNICOL: That is the newspaper quotation. If the hon. member does not believe it, he can obtain the clipping and then have one of his supporters repudiate it when he speaks. I quote from the Toronto Daily Star of September 31, 1935. This report refers to a meeting in East Hamilton, at which reference was made to a handbill which had been distributed there. The report reads:

In discussing the C.C.F. party I would only refer you to the handbill printed in Hamilton by the East Hamilton Communist Association which urges support of the C.C.F. candidate in that constituency. Its heading reads, "Boost a C.C.F. and communist government."

I might add that I had a communist candidate opposing me in my riding, but he finally retired and gave his support to the Co-operative Commonwealth Federation candidate. I quote now from the Toronto Telegram of October 7, 1935. This article refers to a meeting held at Long Branch, and reads:

Reds Welcome to C.C.F.—Candidate Tells Meeting

Major Fred Fish Says Left-wing Groups can join. W. Douglas, Secretary of the Ontario Builders' Association, stated at a C.C.F. mass meeting here last night.

"A communist is a socialist, and the C.C.F. advocates socialism," he stated. "All oppose capitalism and the power of the buccaneers and pirates of industry. There is no great line of differentiation between the three. The tactics they use are slightly different, but at heart they have one thing in common, ...

They whisper that the C.C.F. are linked with the communists. Why shouldn't they be"? demanded Mr. Douglas. "At heart I am a communist and proud of the fact."

"Any left-wing group wishing to come in with us on our terms, which advocates the principles we do, is welcome as far as I'm concerned," Major Fred Fish, candidate for West York, stated.

A large meeting was held in Maple Leaf Gardens, Toronto, on July 5, and the Mail and Empire of July 6 has this to say:

Reds and C.C.F. Join in Protest

A feature of the meeting was the apparent friendliness between the C.C.F. group and the communist members. Reference was made to this by the chairman, A. A. McLeod, president of League Against War and Facism, who expressed pleasure at the presence of so many members of the communist party in the hall. He referred to A. E. Smith as "that distinguished and beloved leader of the movement."

I might mention that the organization referred to here is a communist organization. During the elections I listened to a Co-operative Commonwealth Federation speaker, speaking from the back end of a truck to a number of men working on a roadway in

my constituency. With a sweep of his hand he said, "You see all these big plants around here? You elect a C.C.F. government and you will own all these plants." He was referring to half a dozen large plants in that vicinity, in one of which I worked for many years. Those plants could not be taken without violence.

I should like to make one more quotation from the Mail and Empire of December 21, 1935. It reads:

. . . . The Worker, which carries pictures of Mr. and Mrs. Tim Buck and other bolshevist leaders. On the front page of this sheet appears the slogan, "For a united labour slate of C.C.F. and communists."

Apparently these various organizations believe they have the support of the Cooperative Commonwealth Federation.

I should like to place on Hansard a list of the various communist organizations. Many young men and women in Toronto and other centres attend meetings of these organizations without knowing that they are communistic. They thus hear the attacks on capitalism and everything else for which capitalism stands. First, I should like to list those with headquarters in the United States, many of which have branches in Canada. They are:

The Workers' Party
National Student League
Student League for Industrial Democracy
American Student Union
American League Against War and Fascism
American Civil Liberties Union
Brooklyn College Units
The United Front
United Student Movement
Socialist Student League
Friends of the Soviet Union

In Canada we have had:

The Christian Social Order
Free Bread League
National Unemployment Workers' Association
Canadian Labour Defence League
United Front
Workers' Unity League

All these organizations are communistic. I contend that too much communism is being taught by these organizations for the good of this or any other country. The people of Canada are not communistic; they will not have communism, but communism is being taught in this subterranean way. I exonerate the hon. member for Winnipeg North Centre from any intentions of violence in any manner or form. I should like to remind him that in the great revolutions, such as the French and Russian revolutions, the reformers were quickly overthrown. I believe the hon. member is a sincere reformer; in fact he advocates some reforms with which I can agree. I should like to quote from the program of the Communist International. This program advocates the overthrow of the capitalistic system, and it states:

To achieve this the communist party must secure predominant influence in the broad mass proletarian organizations (soviets, trade unions, factory councils, cooperative societies, sport organizations, cultural organizations, etc.) It is particularly important for the purpose of winning over the majority of the proletariat, to capture the trade unions, which are genuine mass working class organizations closely bound up with the everyday struggles of the working class. To work in reactionary trade unions and skillfully to capture them, to win the confidence of the broad masses of the industrially organized workers, to change and "remove from their posts" the reformist leaders, represent important tasks in the preparatory period.

To a certain extent my hon. friend is a reformist leader. If this program is to be inflicted on this country it can be done only by revolution and violence to which I am opposed. It can be done only in a way similar to the way it was done in Russia and France. Every hon. member knows what happened in France. Mirabeau was an honest reformer, and I believe Danton was honest. Unfortunately Mirabeau died and Danton was guillotined. In his wake came Robespierre, who during four months of the terror sent approximately thirteen or fourteen hundred capitalists and others to the guillotine.

When once a revolution has started, it is impossible to stop it until it has practically run its course. The same thing happened in Russia. I admit that Kerensky, the first reformer, was an honest man, but when the revolution got under way he was removed and in his stead came the red terror which, as my hon. friend knows, sent many thousands to their doom before it had run its course. While I do not believe that any such thing as a red revolution is possible in any British community, I am nevertheless one of those who oppose the continual talking about revolution; I am one of those who oppose exciting the people in that regard.

The communists themselves do not think for a moment that they can be stopped, for in their book Why Communism? they have outlined quite clearly the course to follow. On page 32 they say:

We communists say that there is one way to abolish the capitalist state, and that is to smash it by force. To make communism possible the workers must take hold of the state machinery of capitalism and destroy it.

Violence, of course, is what differentiates C.C.F'ism from communism. I quote again from page 34:

> There is no more unity between the employer and employee than there is between the robber and the robbed. There is a clash of interests. There is an eternal antagonism.

I certainly do not endorse any such doctrine. In my time I have had a good deal to do with both manufacturers and working men, and I have seldom met the type mentioned in this book. The rank and file of employers are honest men who do their best for their employees, and in this regard I was greatly pleased the other day to read in one of the Toronto newspapers an account of a very estimable man who had been employed by the Bertram Engineering Works at Dundas, Ontario for seventy years—Mr. George Turnbull. I went to Hamilton myself to talk to workmen there. I had the great honour of going through the plant with the president, Mr. Bertram, and I want to say here publicly that it gladdened my heart to see the attitude of the men towards the president of that great company. They spoke of him and looked to him as a friend, and this old gentleman, Mr. Turnbull, told me that throughout that long period of seventy years during which he had worked for the company he had always been treated with the greatest respect, I do not agree with the idea that manufacturers and business men are robbers in any general way.

Mr. WOODSWORTH: May I say—

Mr. MacNICOL: I must ask the hon. gentleman not to interrupt me here; I have only a few minutes left and there are some other things I should like to say. Let me quote from page 39:

> The Communists were instrumental in organizing the unemployment councils which, together with other workers, fought for every crumb of bread for every employed.

Well, this country has been slowed up by interference on the part of such councils; they have caused no end of harm to the workers, and as a worker of twenty-five years' experience I certainly do not welcome communistic unemployment councils. At page 51 I read:

> We communists say it is the duty of the workers to fight against capitalist terror, against manifestations of fascism, against the oppression of other nations. We say it is in their interests to fight. We appeal to the class interests of the workers and the exploited masses of the population. Stand guard. Offer resistance to capitalist terror. Fight for your right to organize, to assemble, to strike. Break the capitalist dictatorial rules directed against you. Do not submit. Strike back. In unity is your strength.

The encouragement thus held out to men, to dissuade them from assisting honest industry in carrying out its honest purpose, which is to provide employment and if at all possible some return for capital, is a doctrine which should not be advocated in the country or in this house. At page 59:

> A time comes when there is demoralization above, a growing revolt below; the morale of the army is also undermined. The old structure of society is tottering. There are actual insurrections; the army wavers. Panic seizes the rulers. A general uprising begins.

That is the method that is always followed, in the advocating of uprisings. My time is nearly up but there are two more quotations which I wish to read so as to give the house an idea of what the communists think of religion. I am often amazed at the attitude of some clergymen—and I have the highest regard for the clergy; indeed, I often said to myself if I had my life to live over I would be one myself, but I would not be in politics. Of course, every man must decide for himself and I have no reflection to cast on any clergyman who goes into politics; that is his business, not mine. But in the revelations that came out before the congressional commission at Washington in its investigation into communism it appeared that the communists were very strong against religion and all that it stands for. In that connection I would quote two paragraphs from this book. But before I proceed to do so, I must express my surprise at the attitude of certain men in our universities. I am not so much surprised at certain professors, because they usually talk to young men and young women, though of course not many of them advocate unsound theories. I have the highest regard for the majority of them, but we have a few political professors—

An hon. MEMBER: Where?

Mr. MacNICOL: I have no reference to anyone in this house, because hon. gentlemen were invited to come into it. But I have in mind those who in the universities are teaching the rising generation many things along communistic lines which they should not be taught. At page 53 of the Program of the Communist International I read:

> One of the most important tasks of the cultural revolution affecting the wide masses, is the task of systematically and unswervingly combating religion—the opium of the people.

The proletarian government must withdraw all state support from the church, which is the agency of the former ruling class; it must prevent all church interference in state-organized educational affairs, and ruthlessly suppress the counter-revolutionary activity of the ecclesiastical organizations.

Then on page 67:

The mighty social power of the imperialist state, with its auxiliary apparatus—schools, press, theatre and church—is primarily reflected in the existence of confessional and reformist tendencies among the working class, which represent the main obstacles on the road towards the proletarian social revolution. The confessional, religiously tinged tendency among the working class, finds expression in the confessional trade unions, which frequently are directly connected with corresponding bourgeois political organizations and are affiliated to one or other of the church organizations of the dominant class (Catholic trade unions, Young Men's Christian Association, Jewish Zionist organizations, etc.). All these tendencies, being the most striking product of the ideological captivity of certain strata of the proletariat, in most cases, bear a romantic feudal tinge. By sanctifying all the abominations of the capitalist regime with the holy water of religion, and by terrorizing their flock with the spectre of punishment in the world to come, the leaders of these organizations serve as the most reactionary units of the class enemy in the camp of the proletariat.

Now I care not what its denomination may be, the church that is honest in its convictions —and I believe they all have been—has done a great work throughout history, and when I find an organization designed to destroy the church in all countries I am opposed to it. As I said at the outset, I do not believe that my friends to the left are communists, nor do I believe they would advocate violence. On the other hand let me repeat that they cannot continue to talk as they have been talking, stirring up the masses in this country, without causing trouble.

I know a great many things are wrong, and I will support anything that will help make them right. The hon. gentleman mentioned a number of changes that I would support, but revolution is not the way to bring about reform, nor can it be brought about through the destruction of the capitalistic system. I may tell my hon. friends that it is not the capitalistic system that has caused the trouble; it is the violations of the capitalistic system, and these can be wiped out by law. I have no fault to find with the true principles of the capitalistic system; time does not permit me to enumerate them, but they are worthy. I would be prepared to go a long way in order to stop the practices referred to by the hon. gentleman, those violations of the capitalistic system, but I am not prepared to destroy the whole system because some rascals have exploited the public when they should not have been allowed to do so.

I am glad to know that there has been some measure of reform attained in connection with many of the vile stock-market practices to which the hon. gentleman referred. I am ready to support unemployment insurance; I have supported it, and I believe it should be introduced in this ocuntry. I suppose I should not mention it to-day, but I hope that when the supreme court gives its judgment it will be in favour of the principle of unemployment insurance. I would break up the dishonest trusts mentioned by the hon. gentleman. There may be an occasional trust that is financially sound, but I would break up the great trusts that are throttling the workers, and return them to their component parts. I would lower interest rates; they have been too high, but that is not the fault of the capitalistic system. That is something that has been permitted by law, but the law can eradicate that. Then I would do something to save the homes of the workers in the cities, just as we have taken steps to save the farms. I would shorten hours; I would improve working conditions and I would abolish sweat shops. These were permitted under the capitalistic system, but they constitute a violation of that system that never should have been permitted. I would also protect the interests of small business men, to whom the hon. gentleman referred. I agree with him when he says small business has been throttled, but it can be protected by law.

The hon. gentleman mentioned something about the consumers. In England I have read they have a consumers' council, and any one who buys goods for which he thinks he has been overcharged can go before the public prosecutor representing the consumers' council and register his complaint. I would go so far as to advocate something of that nature in this country, so that people who feel that they have been gypped can appeal to a public prosecutor, who will take steps to prosecute whoever has gypped them. I have no doubt that may people are gypped on prices.

Finally, Mr. Speaker, I would make every effort possible to provide work for the working men. In my time I have had a lot to do with work. I have heard men talk about labour who I know have never had a thing to do with labour. I have had to do with many thousands of working men in my time, and I am only too willing to do everything possible to raise their standards, alleviate their trials and provide work for them. Many men who talk about labour and industry cannot, from

their background, have much practical knowledge of what they are dealing with, except possibly from reading. I talk about labour after having served in industry from the bottom to the top, having had to do with many thousands, of working men over a good many years, so I believe I should be able to say something about it.

That is all I have to say for the moment, Mr. Speaker, but I stand by the capitalistic system. I agree, however, that many of its principles have been grossly violated, and I will support any legal measures to eliminate those violations and bring capitalism back to where it was and where it should be, operating in the best interests of all the people.

Mr. POOLE: May I ask the hon. member a question? If he believes so much in the capitalistic system, I should like to ask him why we cannot distribute the goods that we produce.

Mr. MacNICOL: I will answer that question. After the resolution dealing with this matter was debated in this house last session I went home. I went to have a tire on my car repaired; I did not feel disposed to buy a new one, and the garage man said to me, "You did not support the resolution of Mr. Woodsworth in reference to distribution, taking from the rich and giving it to the others." I said, "Never mind repairing my tire; take a new tire off that rack and put it on my car free of charge. You want to distribute other people's goods. I want that new tire put on my car free of charge." He said, "Oh, no, I cannot do that." I said, "You are advocating that grain be taken out of the granaries of the farmers and given freely to those who need food," just as I heard someone advocate the other day that coal should be taken from those who have it and given to those who have none. So I said, "You just take that tire off the rack and put it on my car free of charge; if you believe what you preach you will do it." I do not know the business of my hon. friend who asked me the question, but if he believes in that principle and deals in coal or grain, let him take his coal or grain or whatever it may be and distribute it without charge.

Mr. POOLE: That does not answer my question, and I challenge any member of the government to answer it.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, there is no doubt that this is a thought-provoking resolution, and in some ways it was well presented by the hon. member for Winnipeg North Centre (Mr. Woodsworth). The only feature one might deplore in that presentation is the fact that at times a certain amount of bitterness appeared to be displayed, and I do not believe that is conducive to a really national and constructive spirit in dealing with the very important problems which have to be faced at the moment.

I well remember that during the last campaign our good friends of the Cooperative Commonwealth Federation had a great big motto. They depicted the fifty big shots of this dominion, and with hatred and bitterness they tried to spread all through the north, if not through the whole of Canada, the thought that the so-called wealthy men were being absolutely unfair not only to the people but also to the country that had allowed them to amass their wealth. I do not think that sort of thing helps the national situation. I also remember that my Cooperative Commonwealth Federation opponent, who by the way was a personal friend of mine, strongly criticized me because I had the audacity to meet and shake hands for the first time with Mr. Noah Timmins, the genial head of the Hollinger mines. That was the first time I met Mr. Timmins; it was also the last time, because since then he has gone to his reward. At that time I did not think that criticism was worthy of the cooperative commonwealth party.

We should realize that we must be fair not only to all sections of our people but also to the so-called big interests for some of them certainly play the game. Just at this point I should like to allude to a booklet that was issued by the Cooperative Commonwealth Federation, again dealing with the so-called fifty big shots. I must tell my hon. friend the leader of that party that personally I have never had an opportunity of meeting any of these big shots, but judging by the booklet members of his party must have fraternized with them a good deal for they want to create the impression that they know them. In this booklet, which is entitled Who Owns Canada, at page 12 the fifty big shots are enumerated, with their names, their places of birth, their ages, their professions, their religious denominations, their education, their bank directorships and the total assets of the corporations with which they are connected. If my addition is not in error, according to this statement these fifty big shots control some $97,000,000,000 of wealth. It seems incredible that any such statement should be made by a party supposed to be working for universal suffrage and hoping to be given the political leadership of this country.

Everyone who is familiar with the economic affairs of this dominion or who follows the publications of the bureau of statistics realizes that our national wealth does not amount to $25,000,000,000 but in this booklet just for the sake of exaggeration these fifty big shots are said to command $97,000,000,000. Such statements are absolutely unfair, and the Cooperative Commonwealth Federation has overstepped the mark in bringing out that old war horse during the last by-election campaign in Assiniboia, accusing the present Prime Minister (Mr. Mackenzie King) of being in the pay of the Standard Oil and under the guidance of the so-called big shots when he went to Washington during the great war. That statement is libellous and they know it. A discussion of this nature is bound to do some good as long as we keep within the confines of truth, but wild statements such as these will not bring about a realization of all our dreams and a solution of our deep and multiple problems. Everyone wants prosperity and happiness; we want to do away with sharp practices, dishonesty and all the other evils that were revealed by the price spreads commission, and the present government has fully grasped the situation and is going to take action to correct the shortcomings shown by that commission as far as our commerce, finance and industry are concerned.

It is not my intention to single out any industry, but an allusion was made by the hon. member for Winnipeg North Centre to the sorry plight of the retail trade. I can speak of that with knowledge because I happen to belong to that calling. No doubt we have sinned ourselves. Take my own case; when we turned our business into a limited company we had $65,000 on our own books as credit extended to our customers. Most of them are honest. On the other hand in many cases customers do not want to pay for goods they have received. I must state here that we saw that none of our customers ever went hungry. Sharp practices are not confined to any class of the population. It is an impressive ceremony when we open every sitting of the house with the Lord's prayer. I believe in the full application of that divine prayer lies the solution of all our problems. In a former session the Prime Minister and the leader of the opposition (Mr. Bennett) mentioned the great lessons to be learned from the sermon on the mount, and the great fundamental principles that were then enunciated are just as alive to-day as they were then. It is doubtless true that the wealthy people of this country have sinned against the present social order, but it might do some good to look at matters fairly and recognize that the so-called other classes of people have at times sinned also.

I have listened many times to hon. members of the Cooperative Commonwealth Federation group building up a case on behalf of a cooperative commonwealth federation by singling out a particular case of misery and want, but I also could build up a case, showing that some of the misery is not always caused by the present social order. During last Easter recess I happened to be at my home on Good Friday and a settler whom I have known for a number of years came to me and said, "Joe, I have already received $30 direct relief in April, but it is all gone and I need $30 more to carry me through the month, because I have a wife and seven children. I telephoned the relief officer and he gave this man another $30. This was Good Friday. On Saturay night this father of a family was in gaol; every cent of that money given to help his wife and children was spent by himself for liquor. It is all very well to make a case against the so-called big shots and to single them out, but we have to live under the present order. I know I am on dangerous ground when making such a statement, and it might not be very popular, but duty compels me to tell the truth. All classes of our people have to some extent sinned and in some degree are responsible for the present situation.

My hon. friends want to bring about a new order. During the last election campaign I was interrupted by a Cooperative Commonwealth Federation adherent. I said to him, "What are you going to do while you are building up your new order? You want to destroy the present capitalistic system and put in a better one." He said, "Yes, we are going to have a working man's government." But when a man is elected to parliament, whether he is a minister or a professional man or a farmer or a mechanic, no matter what occupation he may have been engaged in, he has to leave it for months if not for a number of years while he occupies his seat in the House of Commons, so surely in this chamber we are all, in the full sense of the term, working men. We all want to see the present anomalies and injustices—and they are very numerous—done away with. I do not hold any brief for the capitalistic system or for any individual capitalists, but this system is not the result of pure hazard; it has not been built up over night it has developed out of the experience of human beings during the centuries, yes, for thousands of years. It reflects

the aspirations, the passions, the vices, the infirmities and, indeed all the qualities of humankind. No one doubts that it needs reform, but no one will dare to say that nationalization of all our social and economic and industrial activity is the simple formula that will solve all our problems. These problems are not peculiar to Canada; they affect the whole civilized world.

Let me refer for a moment to one line of activity that is supposed to be nationalized in Ontario. I do not say this in a disparaging way. Is nationalization always fair to the people? I say no. Ontario has had public ownership of hydro for nearly thirty years, but in northern Ontario, although we have contributed a large share to the provincial treasury to help the hydro commission in the southern section of the province, we have to depend upon private capital and private enterprise for the development of the great water powers of our northern section, and even to-day new mines do not get their power from the Ontario Hydro Electric Commission but the risk has to be taken by private enterprise. We in northern Ontario have paid to some extent—and we are supposed to be glad to do so—towards the millions of dollars supplied by the provincial treasury to bonus rural lines to the well-to-do farmers and to furnish power to the industries in the southern section of the province. I mention this in order that the hon. member for Winnipeg North Centre may see that even nationalization is not always fair to all sections of the population.

The same state of affairs is shown by the present radio situation. When the bill for national control of radio was brought in I voted for it with both hands because I believed then and believe now that great national service should belong to the people. Perhaps I was selfish to some extent, because I realized that in the larger centres of population like Montreal, Toronto, Winnipeg, etcetera, they were getting good radio service under private ownership, and I am sorry to say now that under nationalization of the radio—and that service will be extended to everyone—the people of northern Ontario and Quebec, although they have to pay $2 a year for a licence, are even yet not getting the service to which we are absolutely entitled.

Governments have all the infirmities and vices of human beings and very few of their good qualities. History teaches that lesson to whoever wants to read it. Some public services, such as the Department of Justice, are clearly subjects for national control; no one would think of having the administration of justice left to private initiative and enterprise. The same applies to the post office, public health and national defence. But surely it was never intended under British institutions, with the mentality of the British nations, that the government should take control of all industrial and economic activity and the supply of all social wants; such a situation would be absolutely impracticable and is foreign to the thought of the Canadian people. We all remember what happened in England, the great revolution brought about following the middle of the last century by the invention of steam power. Can anyone visualize what would have happened if when the steam engine was invented, the British parliament had nationalized its development and had invested hundreds of millions of pounds so as to develop that new invention? Further, can anyone visualize what would have happened and what attitude the government would have taken when some time later the internal combustion engine and electric motive power were invented? Do hon. members think for one moment that the government would have been elastic enough, after having invested hundreds of millions of dollars in the steam engine, to throw that money away, scrap all its antiquated machinery and take on the development of the later invention, as private enterprise has done? No, because such matters are governmentally and humanly impossible. I suggest these are points worth remembering when we are discussing matters of this kind.

I well remember that during the session of 1934, in a discussion of the bullion tax mentioned in the budget, the hon. member for Winnipeg North Centre rose in his place and suggested that we should nationalize gold mining in Canada. I asked him some questions when, later on, I spoke on the budget debate. First I asked him what gold mining he was going to nationalize, those on a dividend basis or those not on a dividend basis. What about new ventures? What about prospecting? What about new finds? I remember well what happened in Ontario in the great silver camp at Cobalt years ago when the provincial government decided to try to control one of the silver mines. That effort was one of the greatest failures we have known, and I believe the principle applying in that instance would apply to any government going beyond its proper activities.

The work of a government is not creative; in my opinion its duties and powers are legislative. Can any hon. member visualize governments, wherever they may be, in the provinces or here at Ottawa, inventing developments of steam engines or radio? Can anyone visualize a government creating and bringing up to its present perfection the great

automotive industry in Canada? No; the primary duty of a government is to take accomplished facts, and on those facts to build up and to legislate for the happiness and prosperity of the nation it governs. The minute we establish a bureaucracy—and I am using the word in its full sense—and the moment we have full authority in all matters, economic, industrial, social and financial, then what will become of the individualism of the British people? I say that we shall become merely automatons.

The hon. member for Winnipeg North Centre has often pointed to the great prosperity of Russia. He must know the horrible price the Russians have paid for that measure of prosperity. The trouble has been that some of their reforms have been made too quickly; the people of that country have been too impatient, too ruthless. When I hear of a bacteriologist dealing with bacteria and germs in carrying out his experiments and learn that those germs are killed by the millions and billions I do not worry very much and I am inclined to believe they rather like it. When I hear that a biologist is experimenting on dogs and sheep and learn that those animals have lost their lives in the process of experimentation then I begin to worry a great deal. But when I see new experiments on new social systems, when I find that those performing the experiments, those using the knives of vivisection, are using them not on dogs or sheep or germs, but on human beings, and when I see the state of affairs in Spain, Germany and Russia, where hundreds of thousands of human lives have been lost in these new social experiments, I begin to shiver, and highly protest against such experiences.

In beginning my observations to-day I said some good could come from a discussion of this subject. In these times no one is in a position to stand on a pinnacle and say: Because I am wealthy and because this world has been good to me I am away from all the backwaters and the turmoil of the depression. That man must come down into the valley and see what the people are suffering, what are their aspirations, what they expect. The same principle applies to the people living in the valley. To some extent and in some way all of us must realize that we have a duty to perform towards ourselves and towards the state. Unfortunately however those great problems will never be solved by extreme radicalism, advanced socialism or communism, because, as the previous speaker (Mr. MacNicol) has said, no matter how much the Cooperative Commonwealth Federation tries to divorce itself from the communist party it cannot do so. I watched the operations of that party in the Kirkland lake section during the last campaign, and I came to the one logical conclusion, namely, that socialization has only one result and that result is a state of communism.

As I stated before, the time is not ripe, and I hope will never be, to have socialism in Canada. Some great duties have to be performed. Only a few days ago I listened with a great deal of interest to a good speech delivered by Sir Edward Beatty in which he stated that the business men of Canada must be ready and willing to sacrifice, to realize fully their duty and obligations; they must listen to the murmurs of the people, attempt to cooperate with them to the greatest extent and come down from their high estate.

During the last five years every section of our population has been seriously affected by the depression. During the first two years, however, some people thought they were specially privileged. But the longer the depression lasted the more pronounced was the decrease in the number of privileged ones. The question before us is not so much that of the destruction of personal initiative nor that of the equalization of wealth, but rather one of a better distribution of wealth and the application of those economic and Christian principles whereby we may do away with poverty. No one can be spared from the strenuousness of the present times. There used to be a time when it was considered that poverty was a necessity, but to-day under a capitalistic system and due to human inventiveness poverty could be destroyed throughout the world. What we want to do is to bring it to the point where the so-called common people will have full rights of citizenship and access to the good things in life, with drastic changes in our present distribution system.

I have no time this afternoon to propound certain theories that I have in mind, but again I appeal to the house that in a discussion of a resolution such as this we must try to remain within the truth, and not endeavour to set one section of the country against another. I believe the leader of the Cooperative Commonwealth Federation wants to be fair, but is he acting like a true Canadian when he tries to impute to every wealthy man in Canada an unfair attitude towards those less fortunate? That is not always the case. A few days ago the hon. member for East Kootenay (Mr. Stevens) referred to reforms

which had been accomplished by one of the larger corporations of the city of Montreal. He indicated that they had made amendments to their method of procedure with effects beneficial not only to their own customers but to themselves.

I can well remember when three years ago in northern Ontario we had a lumbermen's and bushmen's strike. On that occasion I went to the manager of a big corporation and said, "You are not playing the game with the men who are working for you; you are not giving them fair wages; you are not giving them decent living quarters; you are selling your goods at too high a price, and I must remind you that you are not in the retail trade, but in the lumber business. You should sell your goods to your working men at least at cost." A year ago last fall we had some trouble again in the Cochrane and Iroquois Falls section. I went to one point at which a strike had been called and to which strike breakers had been sent. Upon that occasion I found that the men had been given a decent living; that they had a reading room; that they were satisfied with the food, and that they had an opportunity at least once a week to state through their own organizations their grievances before the heads of the company. You could not take those men away. Some of them had been working for that company for two years, were absolutely satisfied with their lot and would not go on strike.

This is not the time for those corporations to make enormous profits, but it is time for those men in elevated positions to come down from their high pedestals and attempt to understand the Canadian people and find out what their aspirations may be. I must repeat however that the solution will never, never be found in rash measures. It will never be found in a policy which makes automatons of the Canadian people. Can we visualize the advancement of the British empire if government had been supreme in matters of private interest? It is true that at the present time we have sufficient machinery to do the work we require to do, and if we apply it properly, do away with all sharp practices. The hon. member for East Kootenay stated that the price spreads inquiry disclosed that some concerns were selling their products on short weights. There are laws as old as the hills on the statute books of Canada and on those of all civilized countries stating that giving short weight is contrary to law. It is a criminal offence, and there is certainly nothing new about it. We are not so much in need of new laws to place on our statute books, so far as that point is concerned, as of the fuller application of the laws we have. Certainly we have sufficient machinery to make these people act fairly, and we must deal with them more drastically and make them more aware of their duty to the public.

May I repeat that I believe some thanks ought to be given to the hon. member for Winnipeg North Centre for affording this opportunity to members of parliament to deal with problems facing us at the present time. Faced with these great problems some people would tell us that we should not even smile, but we must smile, Mr. Speaker, even in times of stress because we are struggling towards something better. These are times to cultivate courage and fortitude. Even during the war humanity found it possible to go forward. There is no doubt that we have been suffering along with the other peoples of the world, but we are seized of the exact situation and are endeavouring to go to the root of the trouble. We must not be impatient, and the hon. member for Winnipeg North Centre must remember that if a new socialistic state were erected in Canada to-morrow he would still have our present day problems on his hands and they cannot be solved overnight or by a miracle. Spain became impatient a few years ago and turned to a socialistic experiment. So did France over a century ago when the slogan was equality, liberty and fraternity. What kind of fraternity had they? The fraternity of the guillotine. What kind of equality had they? The equality of the graveyard, and conscription in the army. And so far as freedom is concerned their armies had to face the rest of Europe. About the same thing happened in Russia.

I listened very attentively to the address of the leader of the Cooperative Commonwealth Federation. He said that if he were in power he would not socialize the land, but, Mr. Speaker, if you socialize industry, the financial institutions and the economic life of the country, there is only one thing that the farmers will get, and that is the nationalization of the land; you cannot get away from it. That is what happened in Russia, and that point is worth considering.

I do not doubt the sincerity of the hon. member for Winnipeg North Centre. He has done a lot of good in many ways; he has blazed the trail in some directions. but sometimes one can overstep the mark and undo the good work that has been done in the past. I have no advice to give him because he has had

a larger experience than I have, but I would say that to pit one class against another is not conducive to a healthy national situation in our country. Rather do I believe in the adherence of mutual respect and closer co-operation on the part of all classes and all walks of life, young and old, wealthy and poor, because the goal to reach, although hard, is worthy of attainment.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, reading over the resolution standing on the order paper in the name of the hon. member for Winnipeg North Centre (Mr. Woodsworth), I find it says:

> That, in the opinion of this house, industrial, commercial and financial organizations and undertakings that are failing to function in the general interest should be taken over by the appropriate public authorities and operated as public services or cooperative enterprises.

I do not see anything very alarming in that wording. I am always interested in the eloquence of the hon. member who has just taken his seat (Mr. Bradette) but I would suggest that he do not exercise himself unduly over the radicalism of this resolution. It seems to me a very sensible and certainly not too radical resolution, and I want to address myself more particularly to the latter portion of it relating to cooperative enterprises.

These resolutions spring upon one, and I am more and more coming to the conclusion that the only way to be able to speak to them is to have a lot of speeches already prepared and put away in cold storage. I have not got around to doing that, and so I cannot make in any sense a prepared speech. But increasingly I am coming to believe in the cooperative approach to the solution of many of our Canadian problems.

For a long time we have heard with a great deal of interest of the success of cooperative producers' societies in Denmark and Sweden, and of cooperative consumers' societies in Great Britain, but it is only recently that we have found in Canada examples that promise to have the strength and inspiration of the Danish and British experiments. We have in this country a very interesting organization called the Cooperative Union, which seeks to bind together all the consumer cooperatives and to carry on educational work among them. In their publication of January this year I find this statement on the front page, which puts the aim of the cooperative movement better than I could unaided:

> We must seek to show that all our institutions, no matter how splendid and no matter how proud we may be of having played a part in their creation, are merely a means to an end. The end is the freeing of men and women from economic and social thraldom.

That is putting it very well. Everyone must admit that our economic system has caused economic and social slavery, and I do not think anyone in the house would care to defend the conditions we have at the moment when we see on the one hand great wealth, and on the other extreme poverty which is causing decay and degradation. Even those who are most keen for the capitalistic system—and I am not one of them—must pause before they eulogize it as it has been working out these last few years.

Now I want to speak for a moment on the cooperative movement in Denmark and of their educational system launched by such well known men as Grundtvig and Kold. Only last week a leader in the Folk School movement, Doctor Peter Mannicke, visited this city. I am sorry to say that in the capital of Canada he had an audience of little more than two hundred people to hear his inspirational address. Nevertheless the Danes have done tremendous things in awakening the spirit of their people to unselfish and idealistic living. Our new governor general made a speech at Upper Canada College in Toronto the day before yesterday, in which he used these words, "A college should not only turn out gentlemen but aristocrats," and he defined an aristocrat as one who seeks to give more to life than he takes from it. The Danes have been doing that for a long time. They have been turning out aristocrats until to-day they might almost be said to be a nation of aristocrats in the sense that they seek to give to life more than they take from it. And the bread they have cast upon the waters has returned to them one hundredfold. They have built up their country to the point where it evokes our admiration.

The story of Denmark is quite familiar, but I think it would not hurt to take a moment to say that they have in that country 1,388 cooperative dairies, representing ninety per cent of the farms and eighty-six per cent of the cows, and the turnover in 1932 was $116,000,000. They own and control sixty-one cooperative bacon factories representing seventy per cent of the farms and seventy-five per cent of the hogs, and in 1932 the turnover was $95,000,000. They have 700 cooperative egg-collecting stations, representing twenty per cent of the farms and twenty-five per cent

of the hens, and the turnover in 1932 was $3,500,000. One could go all the way through and mention their cooperative efforts in other commodities, their credit associations and their units of consumer cooperatives.

Mr. DUNNING: That splendid work in Denmark could not be described as socialistic, could it? It is cooperative effort on a capitalistic plan.

Miss MACPHAIL: Shall I read the resolution again? The last three words of it refer to cooperative enterprises.

Mr. DUNNING: I thought the hon. member was referring to Denmark.

Miss MACPHAIL: I think cooperation that functions in the interests of the people so organized, is not capitalistic in the sense in which I defined capitalism.

Mr. DUNNING: It certainly is not socialistic.

Miss MACPHAIL: I think it is another approach to socialism even if it is not state dominated. It is socialistic in the sense that it serves the people rather than creates profits for the benefit of the few.

Mr. DUNNING: It certainly serves two—

Miss MACPHAIL: The Minister of Finance (Mr. Dunning) is a very fine speaker and possibly later on, he will make his speech to which I shall enjoy listening.

Sweden has given us an example which I believe will interest hon. members. During the campaign I noticed an article which I was glad to cut out because during a time like that we are glad to read anything that is at all sane. This reads:

> A considerable measure of public ownership, plus highly developed cooperative organizations, have combined to save Sweden from the worst effects of the economic crisis which is devastating purely capitalistic countries. An experiment in a managed currency, and a strong trades unionist movement, are other factors.

The article then goes on to show how the activities of these organizations had saved the people of Sweden from the worst results of the world depression. The power of the cooperative movement was shown by one instance. A great salt manufacturing establishment in Great Britain had never paid union wages to its workers in spite of the fact that the workers had striven very hard to get such wages through organization and other methods. They finally communicated their difficulty to the Swedish Cooperative Wholesale Society, which happened to be the largest customer of the salt manufacturing establishment. The cooperative society told the manufacturing plant that if it did not agree to pay union wages to its workers they would cancel all their present orders and would give no future ones. The result was that union wages were paid. This shows that economic power is the greatest power, and this is something that all radicals should remember To give some comfort to the Minister of Finance, I might say that Sweden is now contemplating state trading in gasoline, oil and coffee.

We have heard much of the cooperatives in Great Britain. Most of us know the story of the early pioneers who started in an almost insignificant and undignified manner. To-day there is a membership of something like 7,000,000 people, a little better than one-half of the families in Great Britain belonging to cooperative societies of one kind or another. When cooperation becomes as extensive as that one can see its power. In addition to retail and wholesale consumer activities, the cooperatives in Great Britain have subsidiary activities such as banking, insurance, shipping, printing and publishing, newspapers and so on.

Mr. DUNNING: True cooperation.

Miss MACPHAIL: Just about as far as anything could be from some of the organizations with which the Minister of Finance has lately been associated. I had feared that Canadians did not possess the right mentality or outlook for cooperation similar to that practised by the British or the Scandinavian people. However, I came across a very interesting book outlining the cooperative activities being carried on in the constituency of Antigonish-Guysborough. I should like to have heard the hon. member for Antigonish-Guysborough (Mr. Duff) eulogize this experiment rather than myself. Some years ago I met Doctor M. M. Coady who, with two other associates, was the originator of this great educational and cooperative movement. The university of St. Francis Xavier has turned itself into a great leader of the people in the eastern section of Nova Scotia. This university has not considered itself as a place where a few people could go to receive the advantages of the accumulated learning of the ages; it has considered itself a school which should give leadership to all the countryside, towns and villages as well as the open country. Reverend J. J. Tompkins, Professor A. B. MacDonald and Doctor M. M. Coady were the three people who had most to do with the organization of this great experiment in adult education and cooperation. I should like to read a short statement by Doctor Gustav

Francis Beck of the Carnegie Foundation. Speaking before the school for the blind in Halifax, Doctor Beck said:

> You have a set-up in this province in Antigonish at St. Francis Xavier University, which in my opinion, is the boldest and most constructive attempt to conquer the depression, that is going on anywhere in the world.... In eastern Nova Scotia is one of the most amazing example of adult education ever undertaken anywhere.

That statement should make the people of Antigonish and of Nova Scotia very proud. This cooperative movement was not launched hurriedly. For five years an intensive educational campaign was carried on. Mass meetings were addressed by Doctor Coady, followed by Professor MacDonald who specialized in organization. Small study groups of from five to fifteen people were formed and these were helped by the extension department of the university. A local leader was chosen who conducted the meetings which were held week by week, but every four weeks someone from the university would come and address a meeting of the study groups in some central place. This work was carried on for a considerable time before cooperatives were finally formed. By that time the people had some idea of the obstacles which would have to be overcome. They had the longer view of cooperation and were not expecting great results to occur immediately. After much study there have been set up in that district nineteen lobster factories and fish plants. They started with three which were increased to twelve, then to seventeen and then to nineteen. They have eighteen stores and buying clubs. The credit unions number forty-five. The study groups number 940 with a steady and regular attendance of 8,460. Four hundred and fifty general meetings were held with an attendance of 27,000. Before that there was at Sydney Mines a great cooperative known as the British Canadian cooperative. It began in 1907 with a capital of $343, and had in 1929 a turnover of $1,750,000. It now owns a store with four branches, a bakery, a pasteurized milk plant, and a tailoring establishment, and undoubtedly this furnished the inspiration that led to the setting-up of a number of consumers' cooperatives. But they did some other rather remarkable things, among them these: They pooled their orders for fertilizers, with a saving of $75,000 in three seasons, and from the head of the lakes they chartered a ship with flour and feed, whereby they believe they saved $8,000. But the point I want to make is that they did not embark on the whole enterprise with the idea that it was only a material undertaking; what they set out to do was to study the needs of the people and the way in which those needs could be met. In this experiment at Antigonish, led by the university of St. Francis Xavier, they have kept the people and the needs of the people foremost, everything else having revolved round that central idea.

I know the hon. member for Winnipeg North Centre (Mr. Woodsworth) and I believe that is his ideal. While hon. members may not agree with him—and sometimes I do not—I have never doubted that what he does seek to do is to serve the people in the best possible way. He hopes that to them will come happier days, and ultimately a time when all the people will have access to the learning and to the amenities that are now the privilege of the few.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, if the hon. member for Winnipeg North Centre (Mr. Woodsworth) who introduced the resolution were here I would compliment him upon the moderation with which on this occasion he discussed it, and also the hon. member for Davenport (Mr. MacNicol), who followed him in much the same vein, though his views were diametrically opposed to those of the mover. I should like also to compliment the hon. member for Cochrane (Mr. Bradette) who continued the debate on a very high plane. It would be out of place, of course, for me to attempt in any way to read a lesson to the house, but while the hon. member for Cochrane was speaking it did occur to me that, since every hon member, regardless of party, has a sincere wish to deal with these difficulties and evils which have crept into our social system, if we could carry on our debates giving each other credit for sincerity and a desire to cooperate for the good of all the people of this country, perhaps we might escape the sometimes justifiable criticism that some of the newspapers direct against hon. members because of little bickerings which occasionally take place in this chamber.

The adoption of the resolution moved by the hon. member for Winnipeg North Centre would in my opinion have very far-reaching effects; in fact I do not think my hon. friend would deny that it would be preliminary to, if not the first instalment of, the creation or introduction of the new social order which he has been advocating for a good many years. The resolution states that concentration of

economic power has failed to provide security and decent standards of living for many of our people. I take it that in these words he has meant to express both cause and effect, and that the reason why many people are not able to maintain a decent standard of living is this concentration of economic power. Then the hon. member proposes, as a cure, that where financial, industrial or commercial organizations fail to function in the public interest they should be taken over by the government and operated as public services or cooperative enterprises.

I imagine that there is no member of the house who will not admit that there are great concentrations of capital in this country; nor, I think, will anyone say that in some instances at least, although not in so many as a number of hon. gentlemen have stated, this economic power or concentration of capital is not sometimes applied, contrary to the public interest. But I cannot follow my hon. friend when he goes so far as to suggest that the proper remedy is to socialize these enterprises and industries. After all, the whole issue contained in the resolution, in its essence, is how we shall deal with the evils which have been spoken of and which are admitted, I think, by practically everyone; whether they shall be corrected by way of the introduction of the socialistic state, which is what this ultimately means, or whether we shall employ some other remedy such as the correction of our present system where we find it to be wrong.

Without discussing the principle at the moment I would say that if the resolution were adopted and we were to act on it there surely would be a good many practical difficulties in working out the scheme. In the first place I imagine there would be decided differences of opinion as to when any organization might be regarded as not functioning in the public interest. But let us suppose we did agree that a certain organization was not functioning in the public interest, just where would we start if we attempted to apply the remedy proposed here? We will say, for example, that it is decided and agreed that a great departmental store in Toronto or Montreal or elsewhere is not functioning in the public interest. Under the resolution the government would have to step in, take over the whole business and conduct it, not temporarily but permanently. Or we will say that a great industrial organization, perhaps a steel company, or a coal company in the maritimes or in western Canada, or one of the chartered banks or perhaps a chain of stores, is declared to be conducted in a way contrary to the public interest. We then would be obliged to take over these isolated enterprises and operate them, as I said before, not temporarily but permanently, as public enterprises. It seems to me that would be entirely impractical. I think someone once said that a state cannot exist half slave and half free, and the ultimate result of taking over isolated businesses of this kind would be either that they would revert to private ownership or all would have to be socialized. I do not think there would be any escape from that. I dread to think of many of the lame ducks that probably would fall under the control and operation of the government.

The hon. member made no suggestion as to how the acquisition of these concerns would be financed. I am sure the Minister of Finance (Mr. Dunning) would have some questions to ask as to just where the money would come from, but I should like to know from my hon. friend whether in fact these enterprises when taken over by the government would be paid for. I recall that during last session, when my hon. friends of the Coperative Commonwealth Federation were advocating their cause, I spoke to one member of that group, a gentleman for whom I have a very high regard, and said, "You are now asking the people of this country to place you in power. It is therefore fair to ask you what you propose to do in carrying out your policy and just exactly how you would begin." "Well," he said, "we would begin by nationalizing the essential industries of the country." I did not press him to state what he regarded as being the essential industries of the country, but I did say, "Would it be your intention to pay for these industries?" "Yes," he said, "we would pay for them and then we would tax it out of them again." So much with regard to the financing of this proposition.

I would have a certain sympathy for the resolution if it did not go as far as it does, and that is the chief criticism I have to direct against it. I can conceive of a situation where to take over the operation of an essential industry, employing perhaps hundreds or thousands of men, which industry was using its powers to crush its working men or to take undue profits out of the consumers, might be worthy of consideration by a government. If in the exercise of its powers such an industry decided to close its shop or to have a lockout on the premises I can imagine it might be in the public interest and in the interest of the employees of that concern that the government should temporarily take over and operate such a business, but only until such time as an investigation could be held and the matter satisfactorily adjusted.

Something has been said about public ownership. After all, though all may not agree with me, I believe that what we call cooperation, cooperative societies and other organizations under public ownership, are a development of the socialistic principle, and I see nothing wrong in designating it in that way. My views as to public ownership are pretty well known in the house. On many occasions I have stated my belief in the value and propriety of public ownership with regard to great public utilities. I have always been of opinion that those great public services upon which depend the prosperity and convenience of great masses of the people and which lend themselves very readily to the purposes of monopoly, should be controlled if not owned by the people themselves. In this country we have made considerable progress in the way of public ownership. In the municipalities, especially in Ontario, the people usually own their gas and electric light plants, waterworks, street railways; in the provincial field we have the hydro; we have liquor stores and certain other enterprises, and in the dominion we have gone into public ownership on a rather large scale which I need not specify. And I do not anticipate for a moment that we shall stand still in that connection; I believe still further progress may be made.

While there is criticism, especially at this time, in connection with some great public enterprises which I need not mention, and abuses have arisen in connection with them and the principle of public ownership is blamed for the partial failure, that is no proof that the principle itself is wrong. There are those who seem to think that public ownership is a cure for all the abuses that may exist under private ownership. I am not a believer in that. Those who say that public ownership is a perfect system are only deceiving themselves and perhaps others. My mind is still quite open with regard to further development of the public ownership principle. In recent years—perhaps not during this session, and I am rather surprised at that—we have heard a good deal about the benefits of individualism, the term "rugged," usually being added, and it is praised as a very desirable thing. People say that governments should keep their hands out of business; that what business wants is less orders from governments and more orders from customers. To some extent I believe in that principle. Personal liberty is very precious; surely everyone must agree that a reasonable degree of personal liberty is one of the greatest possessions of the people of any civilized democracy, and it is something we shall not lightly give up, even for the satisfying of a theory. But in saying that I would also say that in some cases government intervention in business is an absolute necessity and duty.

What form should this intervention take? My hon. friend and his party suggest that it should take the form of the establishment of a socialistic state. Others believe that public ownership should be confined pretty well to the operation of public utilities, and that so far as other business is concerned, business which can best be carried on by personal attention and personal initiative and the element of profit if you like, we ought to confine ourselves to the correction of abuses which arise under private ownership rather than seek a complete change in our social order. That is my thought. But I emphasize again that there are occasions—and they exist to-day I believe—when it becomes the duty of government to intervene if a great business organization takes advantage of its power to oppress its workers or exploit the consumer. And if we have not statutes which enable the government to intervene—I do not know whether we have or not—it becomes the duty of government to enact such laws so that it can cope with the situation.

That is really all I have to say on the matter. Conditions may change with the progress of time, but I still believe it is worth while not to upset the system under which we live, but to make an earnest effort to correct the abuses by action of parliament. It may be that some day the views of my hon. friends of the Cooperative Commonwealth Federation will meet with public approval in Canada. I go so far as to say that they will grow in strength if governments do not recognize that it is their duty to make earnest and successful efforts to cope with the evils of which my hon. friend complains. This government has every intention of meeting its obligations in that regard. I do not think the people of this country are ready to go to the extent of the measures proposed by my hon. friend, though I believe he proposes them in all sincerity. For the reasons I have given I would say that the government cannot accept the resolution.

Mr. C. E. JOHNSTON (Bow River): In rising to speak to this resolution may I say first that I appreciate the attitude of the Minister of Trade and Commerce (Mr. Euler) in his endeavour to cooperate with all parties in a constructive program. I wish also to commend the leader of the Cooperative Commonwealth Federation party (Mr. Woods-

worth) for his efforts towards the betterment of human society. Whether his views are in accord with our own way of thinking is a different matter, but constructive criticism at all times makes for the good of mankind, which is what we are after. However I do not think a debate on C.C.F.-ism versus Conservatism or Socialism is a very constructive attitude to take in the house. We are all of opinion I am sure that conditions should be rectified, and it is for that purpose that I stand here now to offer a suggestion or two on this question of the socialization of industry. Personally I am, and I think my party are, adverse to the socialization of industry. We see no advantage in that.

Turning to the resolution, it begins by saying:

> Whereas, the concentration of economic power in the hands of a comparatively small and irresponsible group has failed to provide security and a decent standard of living for large numbers of our people;

So far I believe the resolution is quite correct. Through concentration of economic power we have arrived at the disastrous condition that we find ourselves in to-day, and if we concentrate our efforts on that one point I think it would improve our chances of success and be for the betterment of all. Then there is the remaining part:

> That, in the opinion of this house, industrial, commercial and financial organizations—

I should like to omit financial organizations for a moment in my argument—

> —and undertakings that are failing to function in the general interest should be taken over by the appropriate public authorities and operated as public services or cooperative enterprises.

That part I do not agree with; I think it is wrong. I admire the courage of the leader of the Cooperative Commonwealth Federation; it takes courage to stand up and express your ideas, whether right or wrong. But we do not agree with the socialization of industry for various reasons. The suggestion conveyed is that industry is at fault. The function of industry is to produce, and I think if we look over our industrial system we find that production is not at fault. I think all hon. members will agree with me when I say that we are producing an abundance of goods; the fault does not lie there. The very fact that in the west we have a large number of cattle which we cannot consume and must ship to the United States to be consumed there shows emphatically that we are not suffering from lack of production of stock in the west; there can be no doubt about that.

Then, we are not suffering from lack of production of coal; we have plenty of it in the west. We are not suffering for want of many commodities which we produce in western Canada. What we are suffering from is the fact that we cannot exchange those products for articles produced in the east. I believe the greatest concern in connection with industrial control lies in manufacturing; that is one of the industrial matters with which we are most seriously concerned. If we look at the industrial field we find no lack of goods produced; in fact some industries are so well equipped with modern machinery that they have to close down because they cannot get rid of the goods they are producing. Production is efficient, and we cannot say that the fault lies with production. Whatever the fault may be I think it does not lie there. Only a few days ago in this city of Ottawa I was in one of the dairies where they had introduced a new machine which would displace eight men. So we see that by the introduction of modern machinery it is possible to produce much more than we are producing, and therein does not lie the difficulty.

The fault does not lie with our people here in Canada, although many of the unemployed were told last year that they would not work if they were given an opportunity. I beg to differ with that statement, because I believe the majority of people unemployed are not of that calibre; they have endeavoured to their utmost to gain employment. So, if lack of manpower is a factor, then we have no difficulty in that regard. That, however, is not the difficulty. Speaking of unemployment I am reminded that not many days ago a job was advertised over in Hull, and so many people applied for it that it was necessary to call out the police to keep the crowds back. In a short time the job was filled, and such a large crowd had assembled that the police had to be used to keep the people away. Under those conditions you cannot say that the unemployed would not work if they had the opportunity. The fault does not lie there.

I believe, sir, the difficulty with which we are faced to-day is one of distribution. Having heard the Minister of Trade and Commerce, I am convinced that he is sincere in his endeavours to ameliorate these conditions to the best of his ability. That is his problem, and I wish him well in his work. I repeat, however, that the difficulty arises in connection with the distribution of the goods. If the government can devise a way to distribute those goods—and they are going to endeavour to do so—then, to a great extent, they have solved the difficulty. In fact, if they can work out a method whereby they can distribute the goods we produce I believe I may state definitely that they have solved the diffi-

culty. The very fact that we are shipping goods out of Canada when we have hundreds of people in this district suffering from starvation and requiring food and shelter is significant that our difficulty does not lie abroad; it is right here in our own country. That is where we must cultivate our market, before we look to outside markets. Does it not seem ridiculous to attempt to obtain foreign markets for our wheat when there are people in this city who do not consume as much wheat as they could consume?

Only last Saturday a young fellow came to my door, and he was not a bum, by any manner of means. He did not have a place to sleep, or anything to eat. Thinking he might be one of those whom I had heard described, namely, one of the men who would not work if given the opportunity, I called the mayor of this city and asked him about the case of this young man. He told me that there were several cases like that, cases of young men who were very much in need. He suggested that I telephone the Union Mission and, taking his advice, I telephoned as directed. I learned that the story the young man had told me was true. We arranged to get a bed for him that night, and he told me that he would be only too willing to go out to work. This type of men should be cared for and should not be forced to accept charity, when we have in Canada many men who, while they do not, from the standpoint of either manual or mental labour, earn the money they receive, yet receive large dividends. I am not blaming them for that. I do however blame the system under which that condition of affairs can exist.

The distribution of goods is the one evil with which we have to contend; it is an evil which does not lie with the producers. It is not the fault of the producers that distribution is not effective. The only purpose of a producing plant is to produce goods. If the producers received a fair commission for their work I do not think, as the hon. member for Cochrane (Mr. Bradette) has said, they would begrudge a portion of the profits going to the suffering people. Whether he be a rich or a poor man, if he were at all intelligent he would not endeavour to rob the common people, a procedure which in the long run would not be to his advantage. As the Minister of Trade and Commerce has said, we cannot expect to carry on in a country which is half slaves and half free men and we must admit, sir, that the unemployed people are practically slaves. I do not know in what other way they could be described. In that regard, therefore, the minister and I are in full accord when we agree that we cannot carry on a government in this or any other country unless we change that system, and change it right away. I am sure he has a very strenuous task on his hands.

I said a moment ago that the producers were not to blame. I believe it would be safe to say that the producers do not own the goods they produce. That statement may sound a little absurd on the surface, but in the majority of cases the producers are producing goods on borrowed money, and if they cannot sell those goods to consumers they must go bankrupt. I believe that is sufficiently clear, and it is also clear that they do not even own the goods they produce. They did not intend to own them. They could not eat all the goods they produced; they could not wear all the shoes they produced, and in the final analysis those goods belong to the people; the consumers own them. Unless those consumers are provided with purchasing power—and I do not care in what form you have it—unless they are provided with purchasing power, I cannot see how we shall solve the difficulty. If the Minister of Trade and Commerce and the government, or any other body, can put that power into the hands of the people, possibly through public works or through developments in industry, they have solved the difficulty. They have promised the people of Canada at least to some extent to alleviate their distress, and if they can do that they will be going a long way. However they must put that purchasing power into the hands of the people so that they may buy goods from those who produce them for consumption.

Now we come to the question of distribution. I think no one will deny my statement that there are a great many abuses in our system of distribution, and that once we solve some of these abuses of the distributing system in our capitalistic organization or, as the resolution has so aptly put it, "economic power," then we have got to the bottom of our difficulty. The great trouble that I see is lack of a proper demonstration of government control. I believe it would be foolish for the government to go into business, from the standpoint of government business.

Electricity has been mentioned to-day, and that brings to my mind a government-owned electrical power plant in the United States, the Tennessee Valley Power Association, which by efficient management can sell electricity for industrial purposes for eight mills per kilowatt hour. That is getting the rate down to a point at which people can use electricity.

In the west we pay ten cents per kilowatt power; in addition there is a little meter on the wall and when a man comes to read it we are charged $1.50 for that, in addition to a few other charges. Yet this organization in the United States can sell the electricity it produces at eight mills per kilowatt hour for industrial purposes. In the west we have many electrical appliances that we could use if we could only get power more cheaply, but the cost is so high that when we go from one room to another in our homes we have to turn out the light. I know that people down east do not have that problem, and if we were provided with purchasing power so that we could use that electricity for lighting, vacuum cleaners, stoves and engines, we would be using ten times as much as we are to-day. But we cannot use it because we have not the ability in the form of purchasing power.

I am told that in some industrial plants in Montreal which used to employ a great deal of help they have introduced machines for rolling cigarettes, for instance, and that they can roll 700,000 per day. That is quite right. At the same time this displaces hundreds of workers. But the producers are not to be blamed for introducing such a machine; it is something commendable to introduce a new type of machine which will displace labour. That is the purpose of a machine, and the only purpose as I see it. But when such a machine displaces large numbers of people, to whom does the profit which that machine makes belong? Is the producer going to throw those people out on the street and say to them, "I am a millionaire running this factory, and I am making a profit of one million dollars a year. But now I am going to instal a machine that will make my profit two million dollars a year and that will throw out of work hundreds of men." That is a mistake of policy, not a mistake from the producer's standpoint, and the government should be strong enough and willing enough to go to the producer and say: You cannot do that because it is the wrong system. You must take the earning power of that machine and distribute it among those workmen that it displaces. In some way or other producers should be made to compensate their workmen who are thrown out of work as a result of the introduction of these new machines. Can we simply allow these men to be thrown out on the streets and say to them: You are charity-seekers; you are bums? It is no fault of theirs that they are thrown out of employment, and the government has a responsibility towards them. I do not care if the government look after them through public works or through the development of industry, although I would ask: What is the use of developing industry further when our industrial plants are now producing more than we can use? We have to sell our goods in foreign markets, while the very commodities we ship out of the country we need right here in Canada. That does not seem like good business to me. The trouble is lack of government control.

Look at the automobile industry, not the producing end of it, because everyone will agree that many more automobiles are produced than can be sold. There is no reason why the factories should not run day and night, if necessary, but at the present time they are producing many more automobiles than we can possibly use. Let us, however, consider that industry in relation to the tariff. We shall never solve our difficulties by a higher or lower tariff for the simple reason that the government does not control tariffs. There again we have lack of government control. In the west last year we paid $1,244 for a master Chevrolet sedan. What do we pay this year? There has been a reduction in the tariff since last year, but we pay $1,244. Since I came to Ottawa I went into the Chevrolet rooms on Sparks street, and I asked the price of the same car in this city. The price is a little lower than in the west, and I asked the agent what the same car cost here last year. He said, "The same price. There was a reduction of from two to fifteen dollars after the new tariff came into effect, but you will remember that last year we raised the price in the fall twenty dollars." There, again, is lack of government control.

I think of that industry at Sherbrooke which the government is investigating, and quite properly so. I do not say that the government should take over that industry, but we saw what happened when the government intervened. The plant had been closed down throwing hundreds out of work, but as soon as the government announced that there was to be an investigation the plant was opened up again. The owners knew that government pressure was going to be applied. But I doubt whether the whole trouble has been removed; that remains to be seen. I hope the government does the right thing, and if upon investigation it is found that conditions need rectifying I hope it will see that they are rectified immediately.

Last year we had what is called the Stevens investigation, which found many abuses existing in the industrial system. Yet the government to my knowledge has done nothing to rectify those abuses. The government, of course, does not need to go into an automobile industry and say how much air shall be

put into a tire or how many bolts shall be used in an automobile or dictate the proper way of putting a burr on a wheel. That is technical work that technicians are hired for. But it is the business of the government when they find that abuses exist in the tobacco industry, for instance, or in other industries that were investigated by the Stevens commission, which cost the country hundreds of thousands of dollars, to see that those abuses are rectified.

What happened in connection with the tobacco industry shows what will happen when these industrialists know that the government will investigate unfair conditions and act upon the results of that investigation if there is anything found to be wrong in the industry. The hon. member for East Kootenay (Mr. Stevens) on his own initiative went into different industries and pointed out unsatisfactory conditions. The owners of those industries knew there was a latent force behind his warning when he pointed to conditions that should be rectified, and they rectified some of the conditions themselves, but they did not rectify the giving of a bonus of $65,000 to men already in receipt of salaries of $25,000 and $30,000 a year. There again is a wrong principle, a principle that should be corrected.

I repeat: We do not want the government to take over every business in the country, because no government controlled industry will do as well as will a privately controlled industry. A man who puts his own capital into a business is going to see that he gets a good manager, good mechanics and good machinery, and he is going to take proper care of the upkeep of his plant. We have had some experience of government owned business, and we know it is not as efficiently conducted as is privately owned business. Suppose that some of these industrial plants refuse to operate in the most efficient manner. Then it might be necessary for the government to take control of them for a time at least, but only in case of necessity. Some people may say that these industries are not making excess profits. I think the Minister of Trade and Commerce (Mr. Euler) said that they were not making such huge profits; that the industrialists were not all millionaires. That might be very true, but nevertheless we know that in this present century, under our present system, there is a great deal of depression and men are suffering from lack of sufficient food and clothing. No one is satisfied with conditions as they are at present.

Dealing further with this question of profits, I should like to quote from a newspaper article dated Ottawa, December 20. This article states that the dividends paid by Canadian textile firms totalled 116 per cent. These were profits and I contend that 116 per cent profit is entirely too high. This does not infer that the business is not profitable, just the reverse. It is stated that the highest wages paid by this industry were $15.71. This is the fault of the system; it is not the fault of the producing plant. It might be the fault of the management, and this might be an instance where government control could be applied very efficiently. It is stated also that the profits of six companies were $2,580,000 more than they were in 1929. Here is another instance where government control could be applied most effectively. It has been stated that our plants are not modernly equipped, but I noticed an article the other day headed "Canadian steel marches on." I venture to say that nowhere in the world can you find an industry better equipped than this one. I am told that this industry uses ninety-three per cent of Canadian materials, a fine record.

Prohibit entirely, if you will, goods coming into the country; make your tariff walls as high as you like; this does not bother me. If you want to protect your market, well and good, but do not erect tariff walls to protect the men who are already exploiting the people. When a condition like this is found to exist, it should be rectified. Have your tariff walls to protect your markets, not your financiers. This again is a question of policy. The other day at the Chateau Laurier I listened to a very intelligent speech—excuse me, I should not say "intelligent" as it was the most uneducational speech to which I have ever listened. I think the gentleman who made the speech had an "honourable" before his name, but I do not think it was very honourable of him to refer to the Premier of Alberta in the terms in which he did. I think everyone respects the Premier of Alberta for both his religious and economic beliefs and I do not think it is fair to refer in a derogatory manner to a man who is 3,000 miles away and cannot speak for himself. If he had been there I am sure he would have made the speaker feel like a fool. This man attacked the Premier of Alberta because of his efforts to better the conditions of the people while right beside him sat a gentleman who is about to alter the policy of one of the greatest financial institutions in the Dominion of Canada. The speaker did not say a word about him because he was sitting right beside him. What is sauce for the goose should be sauce for the gander.

I should like to read from a little booklet entitled: Stevens' Booklet or The Book That Bennett Banned—Complete Text of Stevens'

Talk. Our main difficulty lies in the control of policy and not in the control of production. Our problem is the merging of these large distributing and financial corporations. These octopuses have got hold of our distributing system and are choking the very life blood out of us while we sit back and let them do it. One paragraph in this booklet is entitled: Powerful Groups Dictate Price, and reads:

> At the same time, by this process of merging, there have been erected powerfully strong groups which are able to dictate prices to the person who sells, whether it is the farmer selling to a packer or a tomato grower to a canner, or a boot and shoe or clothing manufacturer to a big distributor, with the result that the producer of foods is forced to sell his goods not on the market where merit and value will prevail, but where the price is dictated by the person who buys.
>
> I can say this, I think, with absolute confidence, generally speaking, that because of the domination of certain retail institutions in this country, the price is fixed at the ultimate end, when it goes to the consumer. They say, we want an article that will sell at $16.50 or $40, or $50, or $10 as the case may be. We want an article that will sell at that price.
>
> That is their start, and when they take overhead, and their overhead has been enormously increased, wages and this, that and the other thing in distribution until they get clear.
>
> Then they say, "That is what is left for you, Mr. Farmer, or Mr. Manufacturer; do what you can with it."

One of our greatest difficulties is the control of policy. This has nothing to do with manufacturing. Our industries are efficient and if we continue to permit the men who produce to sell all the goods they produce, they will make more profit and be able to sell at a fair price because of their increased turnover. I should like to make one more quotation from this booklet. There is a paragraph entitled A Bull-dozing American Buyer, which reads:

> In 1930 they paid 33 cents a pound for this flue-cured tobacco in western Ontario, which was a profitable figure.
>
> In 1931 they brought a man up from the United States called Lea, who had been used to buying tobacco from negroes in the south, and was a typical bull-dozing American buyer. They brought him up and put him in charge of buying in Canada, and in the fall of 1931 they just cut rates that they paid the grower down sharply from 32 cents and 33 cents to 19 cents.

That was a case of interfering with the policy of a company; it had nothing to do with the manufacturing of that product; the policy was changed to take it out of the producer and put it into the hands of the profiteers. That is the wrong attitude to take and I cannot see where we can make any headway unless we get away from such antiquated ideas.

[Mr. C. E. Johnston.]

There are many dangers in the nationalization of industry and some of the arguments heard to-day are valuable in that they show a way to avoid these dangers. We want constructive, not destructive criticism. The resolution refers to the concentration of economic power. When administration is consolidated with producing and distributing you have an amalgamation which it will be very difficult to break. Unless the government intends to go into business they will have to be very careful; they may have to take over all these different industries and do the best they can with them. They may have to take them over at a great loss, just as they had to do with the railways, unless precautions are taken against the conservation of these economic powers. When the government takes away the power of an individual to look after his own plant and substitutes someone who is working for a salary and who is not concerned with whether or not the business prospers, then it is looking for trouble. Political pull will also enter into the question, and we all know that such practices are being carried on and probably will be continued as long as we live. When we have distribution, producing and everything else concentrated in the hands of the government, there will be a possibility of all kinds of deception, more so than if it controlled merely the policies of these industries.

The other evening I noticed a newspaper article entitled Term in Prison for Operators of Pepper Pool. We read that two promoters have been sentenced to a year while a third has been given nine months. That is one way of exercising control. There is no use, when you find an offender against a policy, having the judge give him a calling down or something of that sort. You must do something such as they did in France in connection with the Stavisky swindle; they made the swindlers pay back the money that had been stolen. I suggest to the government, so far as controlling policy is concerned, that whenever such revelations are made as were made by the Stevens commission they should say to the guilty parties: You have abused the privileges we have given you and you shall therefore pay back to the public the money that you have unfairly taken from them. And if a year or two in gaol on top of that were added to the punishment, I do not think it would be long before we would have industries producing and distributing in a very efficient manner. That, I believe, is our solution.

Mr. BENNETT: May I say to the hon. gentleman that the city of Calgary, some time ago, was buying power at five and a half mills per kilowatt hour.

Mr. JOHNSTON (Bow River): Where I live we pay ten cents per kilowatt hour.

Mr. T. C. DOUGLAS (Weyburn): I rise to support wholeheartedly the motion of the hon. member for Winnipeg North Centre (Mr. Woodsworth), that in the opinion of this house industrial, commercial and financial organizations and undertakings that are failing to function in the general interest should be taken over by the appropriate public authorities and operated as public services or co-operative enterprises.

Before dealing directly with the resolution I should like to break a lance or two with the hon. member for Davenport (Mr. MacNicol), who made some observations this afternoon. That hon. gentleman gave a long list of organizations which he declared to be communist bodies, without substantiating that assertion. I tried to ask him a question but he was too busy quoting to answer me. I should like to ask him, through you, Mr. Speaker, what authority he had for saying that these were communist organizations.

Mr. MacNICOL: All of the eleven or more I named have been declared by Mr. M. J. Olgin to be communistic organizations with headquarters in the United States. M. J. Olgin is the author of the book from which I was quoting, and he is one of the chief communists in the United States. So far as the organizations in Canada are concerned, they have been pronounced communistic in consequence of investigations carried on in the courts of Ontario.

Mr. DOUGLAS: I asked for the authority and I have yet to receive it. An investigation by a court in Ontario declaring that they were unlawful bodies does not say that they were communist controlled or dominated. Some of these organizations were never heard of before. I have in mind two—one the Christian Social Order and the other the League against War and Fascism—two organizations which I doubt that my hon. friend, if he were outside the protection of the house, would dare to describe on a public platform as belonging to the communists.

Mr. MacNICOL: The League against War and Fascism is one of the organizations named by M. J. Olgin, a prominent communist in the United States, and the other was declared, after court investigation in Toronto, to be communist.

Mr. DOUGLAS: I repeat: I should be glad to have the hon. gentleman make his assertion outside the protection of this house.

Mr. MacNICOL: I am not afraid to make these accusations outside the portals of the house.

Mr. DOUGLAS: I think these organizations would be more than likely to sue the hon. gentleman for libel. His only basis for the statement was that these organizations were opposed to capitalism and everything that capitalism stood for. I do not know anything about them, but the mere fact that they are opposed to capitalism and all that capitalism stands for hardly makes them communistic. I have under my hand a copy of the first address made over the radio by the previous Prime Minister of Canada (Mr. Bennett). It was delivered a year ago last January, and I am sure there can be no objection to my reading a part of it. I do not read it in any derogatory sense, because I believe these speeches will go down in Canadian history among some of the great classics of Canadian oratory. I quote:

> This economic system of ours is something that most of us have never stopped to think very much about. Before the war there was no great occasion to. After the war, when the system was rushing uncontrollably toward the 1929 abyss, I imagine there were not many who were much concerned. Now, alas, we have reason enough to worry; and still more reason, therefore, to do our best to end the cause of all this worry and trouble and to free our minds for happier things. It is a tragedy of these times that men and women, boys and girls, whose minds should be given to constructive pursuits, find themselves handicapped and harassed by the uncertainties of life, and prevented, by the anxieties of this present situation, from giving their best to the things which are most worth while.... If you examined this capitalist system, you would appreciate more fully some of the facts which underlie the transcendent fact that times have changed, that old conditions are no more, that something new has come into our social and economic life, and that this new element, this new force, insistently demands recognition. And I am compelled to add, you would realize more clearly the folly of some men who try to ignore this irresistible truth.

If all those who are opposed to capitalism are to be classed as communists, then I am afraid the right hon. the leader of the opposition must come under that scathing indictment.

Mr. LAPOINTE (Quebec East): He would come under section 98.

Mr. BENNETT: Perhaps the amended section.

Mr. DOUGLAS: The hon. member for Davenport also went to a great deal of trouble

to point out that certain movements were anti-religious, a fact which he decried. I do not think he was trying to draw the illogical inference that those of us who support this movement are anti-religious, but nevertheless the connection is very subtle and as the statement goes out to the country the inference will be drawn that, socialism and communism being, as the hon. gentleman says, the same thing, though an elementary knowledge of economics will show that they are not, then the Cooperative Commonwealth Federation must be anti-religious. May I point out—and I think I have some small knowledge of this subject—that Christianity and capitalism have not gone together, and that being a Christian does not necessarily mean being a capitalist.

Mr. DUFF: You would not get very far with Christianity without the capitalist.

Mr. DOUGLAS: The world had Christianity long before it had capitalists, and it will have Christianity long after some of the gentlemen opposite supporting capitalism have passed away.

Mr. DUFF: We are all capitalists.

Mr. DOUGLAS: I appreciate the orderly reception from across the floor; it jibes very well with the general conduct of hon. gentlemen opposite.

Mr. DUFF: Speak for yourself, John.

Mr. DOUGLAS: In order to show that Christianity and capitalism have not gone hand in hand, I wish to quote from the Pope's encyclical Quadragesimo Anno at page 32:

> In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure.
>
> This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying so to speak, the life blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will.
>
> This accumulation of power, the characteristic note of the modern economic order, is a natural result of limitless free competition which permits the survival of those only who are the strongest, which often means those who fight most relentlessly, who pay least heed to the dictates of conscience.
>
> This concentration of power has led to a three-fold struggle for domination. First, there is the struggle for dictatorship in the economic sphere itself; then, the fierce battle to acquire control of the state, so that its resources and authority may be abused in the economic struggles. Finally, the clash between states themselves.

And this, Mr. Speaker, I suggest ultimately means war. I quote one more statement, on page 35:

> If these changes continue it may well come about that gradually the tenets of mitigated socialism will no longer be different from the program of those who seek to reform human society according to Christian principles.

Sir EUGENE FISET: Amen.

Mr. DOUGLAS: The hon. gentleman says amen. I am sure it is not meant irreverently, but when the head of one of the greatest churches on the face of the earth makes a statement like that I hope the hon. gentleman who said amen means it much more than the tone of his voice would imply. I would direct your attention, Mr. Speaker, to the statement of another great church, the Toronto general conference of the United Church of Canada, made in 1933:

> It is our belief that the application of the principles of Jesus to the economic conditions would mean the end of the capitalistic system; by the capitalistic system we mean that order of things under which capital, which is a vital factor in the economic field and represents the part of the economic product used as a means to further production, is owned and administered by individuals and special groups with a view to their own profit.
>
> Our contention is that capital, especially in those large scale forms that are essential to the life of the whole people, should be owned and operated instead, not for private gain, but in the services of the general good.

If all those who are opposed to capitalism, the present concentration of wealth and the exploitation of the masses, are said to be anti-religious, the two statements I have just read certainly ought to offset that theory. Strange to say, the other day I received a copy of the Saskatchewan Liberal, which is always worthy of perusal, and in one corner I find a quotation from one of the greatest preachers on the north American continent. I refer to Reverend Doctor Harry Emerson Fosdick, of New York, who says:

> If our capitalism can so adjust itself to the new circumstances that it can achieve such devotion to economic processes to the welfare of all the pepole, even the least of them, then capitalism can go on. If not, there is nothing on earth that can save it, and nothing in heaven that will try to.

I submit that to you, Mr. Speaker, as the statement of a Christian gentleman who could not be called either a communist or an atheist.

The hon. member for Davenport was kind enough to say some very nice things about the hon. member for Winnipeg North Centre

(Mr. Woodsworth). He said that he believed in the sincerity of the hon. member, as I think we all do. Then he went on to say that the hon. member for Winnipeg North Centre was a reformer, and that in all social and physical revolutions the great danger had been the reformers. I want to repudiate that statement. In every time of social transition the danger has been not the reformer but the reactionary. The hon. gentleman chose rather an unfortunate historical analogy.

Mr. MacNICOL: On a point of order, Mr. Speaker, I cannot allow the hon. gentleman to put words into my mouth. He is quoting statements which I did not make at all.

Mr. DOUGLAS: What was the statement? I should be glad to have it.

Mr. MacNICOL: I am sure Hansard has recorded it.

Mr. DOUGLAS: In that case we shall have to leave it to Hansard. My notes say that the hon. gentleman pointed out that the reformers, especially in the case of the French revolution, were the ones who led to slaughter and bloodshed. I would suggest that the French revolution was rather an unfortunate analogy to adopt. It was not the reformers who caused what later became a blood bath; it was the reactionaries, who held off a necessary and inevitable period of change so long that when the thing blew up the reformers could not control it and the revolutionaries took complete control.

Mr. MacNICOL: That is what I said.

Mr. DOUGLAS: But it was not the reformers who were to blame; it was the reactionaries. When his ministers came to Louis XVI and asked him to make necessary constitutional changes he said, "No. After me the deluge." But the deluge came in his time and Louis lost his head, not that he used it much while he had it but he was never the same after he lost it. So I say that instead of using that analogy to frighten us, the government should feel that unless changes are made all the time, in keeping with the times, even those of us who desire reforms may be pushed aside by others more violent and less responsible.

If I remember correctly the hon. member for Cochrane (Mr. Bradette) also paid a very fine compliment to our leader, but he said that we were in too much of a hurry.

Mr. BRADETTE: I said that you were too impatient. That is quite different.

Mr. DOUGLAS: Very well; I accept the correction; the hon. gentleman said that we wanted things done too quickly; that we must be prepared to wait. I am quite sure that there are thousands of people throughout Canada to-night who, if they were in receipt of a federal indemnity, would be quite patient too and quite prepared to wait a long time for social changes. But there are people who are seeing the years slip by, who are becoming more hopeless and whose future is becoming blacker and more uncertain. Can one wonder that they are impatient; can one wonder that they look to the House of Commons to do something more than merely say that we are too impatient because we want these changes brought about?

The resolution says that there is a concentration of economic power, which is the underlying cause of much of our economic distress to-day. It is hardly necessary to place before the house a great many figures. We hear so many figures cited here that they become almost meaningless, but I should like to place before the house one or two statements made by responsible and well known men. I have, for example, a statement made by Sir Andrew MacPhail in his little book Essays on Politics:

> We are told that we are living under British institutions, but in reality we are not. We are living under the government of an interested class, who find a party in power and keep it there until it becomes too corrupt to be kept any longer, when it seizes upon the other party and proceeds to corrupt it.

I have also a statement by Professor W. E. Munro, professor of history at Harvard, in his article Money Power in Politics:

> Only a small part of what we call government is conducted in the open. Of itself a government initiates nothing, it merely responds more or less tardily to the urgings that are put upon it by industrial organized groups, who have definite interests to serve and who are aggressive in supporting them. Those interested groups work within the ranks of party organizations. Indeed the chief function of the party system is to furnish a cover for the political activities of groups which desire to keep their true objectives invisible.

I quote from a gentleman who will be well known to hon. members opposite, Mr. David Lloyd George:

> Unless representative government is to be entirely discredited a new system must be adopted. At present the president of the Bank of England wields a power that makes kings and premiers mere pigmies. He works with the hidden hand of Wall Street whose secret diplomacy in Europe and elsewhere makes an open mockery of the nations' representatives. Up to the present the owners of the vested interests have been so powerful in both the old parties that those clearing the road have failed to cut through the toughest and sturdiest obstacles.

Then from a man who ought to know the picture from the inside, a former president of the United States, Mr. Woodrow Wilson, who said:

A comparatively small group of men control the water power, railroads, banks, prices, and the larger credits of the country. There is hardly a part of the United States of America where men are not aware that secret private interests have been running the government. It is now a government, by, for and of, big business, with its completely subservient employees in the White House. Yes, and invisible government has erected itself above the forms of democracy.

One more quotation, from a very unusual source, an editorial in the Bankers' Magazine of August 26, 1924. This remarkable statement says:

Capital must protect itself in every possible manner through combination and legislation. Debts must be collected, bonds and mortgages must be foreclosed as rapidly as possible. When through process of law, the common people have lost their homes they will be more tractable and more easily governed through the influence of the strong arm of government, applied by a central power of wealth under the control of leading financiers. A people without homes will not quarrel with leaders. History repeats itself in regular cycles. This truth is well known among our principal men now engaged in forming an imperialism of capital to govern the world.

Mr. McLEAN (Melfort): I would ask the hon. member his authority for these words. Who is the author of that quotation?

Mr. DOUGLAS: I have already stated it —an editorial in the Bankers' Magazine, of August 26, 1924.

Mr. DUNNING: What Bankers' Magazine?

Mr. DOUGLAS: The United States, printed in Idaho.

Mr. McLEAN (Melfort): Reprinted in the Idaho Leader.

Mr. DUNNING: And repudiated a dozen times.

Mr. McLEAN (Melfort): Not a word of truth in it.

Mr. DOUGLAS: It goes on:

By thus dividing the voters through the political party system we can get them to expend their energies in fighting over questions of no importance to us except as teachers of the common herd. Thus by discreet action—

Mr. McLEAN (Melfort): On a point of order, Mr. Speaker, is it in order for the hon. gentleman to read an alleged extract from a paper which does not exist and for which he can give no authority?

[Mr. Douglas.]

Mr. SPEAKER: If the hon. gentleman takes full responsibility and states his authority I think he has the right.

Mr. DUNNING: The paper does not exist and never did.

Mr. BENNETT: The statement was never published.

Mr. DOUGLAS: I read this statement in all good faith. If the statement is fictitious I am quite prepared to withdraw it—

Some hon. MEMBERS: Withdraw it.

Mr. DOUGLAS: —but I am Scotch enough that someone will have to show me the facts. I have before had to follow figments of the imagination of some hon. gentlemen opposite and have not found them altogether reliable.

Mr. DUFF: It is a poor sample of Scotch; you need some soda.

Mr. DOUGLAS: As the resolution points out, I believe the underlying difficulty of our time has come from the concentration of wealth in the hands of a few. The last speaker made the mistake, along with some others, of believing we are advocating the taking over of all property. Economists from the beginning of the study of that science have recognized that there are two classes of property: public property and private property. It is easy to define the difference, public property being any property the control of which enables one person to exploit others; private property being any property which a man may have for personal use and the like of which other persons may have by giving similar money or wealth in exchange for it. We may take as a typical example of one class any natural resources, or the banking system, or the transportation system; these are public things; they are public goods because we cannot each have one. They are goods by which, if a few persons control them, they thereby control the means of livelihood of the rest of the nation; "the man who controls the means by which I make a living, controls me," said one economist, and that is still true. Private goods, on the other hand, are goods which any of us may own. I may own a motor car; any hon. member may own one if he has sufficient funds to purchase it. But my having that private property does not in any way interfere with the liberty of any other individual. In considering the resolution of the hon. member we must keep this difference clearly in mind. When we talk about public ownership we have in mind these public goods which lend themselves to monopolistic control.

I can illustrate in no better way what we are facing to-day than by outlining something that was written a number of years ago but has proved a very accurate prophecy of our economic set up. I refer to the parable written by Bellamy called The Water Tank, in which he pointed out that we might imagine our economic system as being like a vast water tank to which all the people of the country were bringing water, the water they bring being either the goods they produce or the services they render. But that tank is owned by a certain group, call them capitalists or any name you please. Those who bring their pails of goods or services to the tank must accept the price that is given to them by the owners. Say it is one dollar or one unit of any kind of money. They put their goods into this tank. But when they want to take goods back out of the tank they are compelled to pay what these men like to charge them. Say it is two dollars. Someone says that the spread is too great.

I submit that figures bear out the statement that for the past number of years producers and labourers have never received enough for what they have put into the economic system to enable them to buy the same amount from it. Take any commodity; take wool for example; in the southern part of Saskatchewan this fall we were selling wool at five to eight cents a pound. It takes five pounds of wool to make a suit of clothes; it is granted that it has to go through many processes, but the spread between five pounds of wool at five to eight cents a pound and twenty-five dollars for a suit of clothes or fifty cents for a pair of wool socks is too great. Farmers were selling feed wheat at twenty-five cents a bushel before the price was fixed, but in buying cereals people were paying as much as ten times that amount. Pork was selling in Saskatchewan a year and a half ago at six cents a pound, but bacon wrapped up in cellophane sold in the cities at forty to forty-five cents a pound.

The same is true of wages. I have figures appearing in Social Planning for Canada which indicate that in 1929 the average wage in the manufacturing industry in Canada was $1,045. The textile industry employing 105,594 workers recorded an average wage of $818. In coal mining the average wage was $869.76, and in the tobacco industry $644.11. Agricultural labourers' wages averaged $627 for male workers and $465 for female workers. Income statistics for 1931—and ninety-six per cent filed returns—show that nearly 2,000,000 male Canadian wage earners averaged $927 per year, while 528,000 female workers reported $560 per year. I submit that even in the very best of times, and even with production so geared up, much better than it is to-day, at no time was the worker who was putting in services or the primary producer who was putting in goods getting enough for what he was putting into the economic system to enable him to buy the same amount back.

What was the result? There could be only one. If you had twice as much, or even only fifty per cent as much more going into a tank as you have coming out of it there can be only one result, and that is that the tank will run over. That is exactly what we find throughout the civilized world to-day; the economic tank is running over. Apparently there is an abundance of goods, not more than we can consume but certainly more than we are able to consume because of lack of purchasing power. All round that tank stand people who have poured the goods in. The people who produced the goods and services are doing without those goods and services because they never got enough for putting the goods or the service in to buy them back again. And so the farmers who grow grain are seeing their cattle die for want of feed; the men who work in factories making shoes see their children going without shoes or obtaining them from a relief office.

Wherein lies the solution? Some have offered as a solution that we ought to push the tank over and let the water run out. Whenever I hear that solution suggested I understand why it was that the monkeys passed the resolution of censure on Darwin because he had said that man came from a monkey, and the monkeys contended that was an insult to their intelligence. The idea of destroying goods is contrary to all common sense and all the ethics of civilization.

The other suggestion made particularly by hon. members opposite is that we ought to have freer trade. I am in favour of freer trade—but wherein lies the solution? No matter how many tanks of goods and services we exchange, if the people who produce those goods and services are not getting enough to buy them back you are bound to have a surplus in the economic tank. We believe the solution is this: The solution lies in these people owning and controlling the tank. Remember that when I speak about the tank I am talking about public goods, not private goods. I am talking of those industries, the control of which would mean the control of the economic livelihood of the common people.

The hon. member who spoke before me said that he did not agree with the socialization of industry. I say that there is no other way by which we can give back to the people anything in exchange for what they have put into

the tank. They cannot buy it back unless they control the tank. It is not enough to get tickets to buy the water back out of the tank. You may give plenty of tickets, but unless those tickets have some relation to what is in the tank they would not be worth the paper they were printed on. There must be a relationship between the goods put in and the tickets put up to buy the goods. In other words there must be managed currency. Every unit of money that comes out must correspond to the unit of goods in the tank to be purchased. However we may go into this matter in greater detail when the banking system is being discussed at a later date.

We have drawn this distinction between public goods and private goods. In the realm of public goods the resolution suggests that where such public goods are not functioning in the general interest and where they are being used to exploit the masses they shall be taken over and operated cooperatively by the people in a system of public ownership, with a view always to giving back to the producer and labourer enough to buy back what they have created.

In reference to private goods we have never suggested public ownership; I must make that clear. The last speaker said something about the fact that we cannot control all business, and if I am misinterpreting what he said, he will correct me, I reply that we are not suggesting the control of business. There is no reason why the government should run a little shoe store here or an ice cream parlour there. They are not monopolistic. Only where a monopoly exists do we say that there should be government ownership. When we come to consideration of private goods we say that consumers' and producers' cooperatives ought to be encouraged with a view to making it possible for the people who produce goods and those who consume them to have something to say about the price that they shall either receive for producing or pay for consuming. We submit that is not economically unsound and we maintain that instead of criticizing this resolution by throwing names at it, and instead of merely waving it aside by stating that it is anti-religious, or communistic or going to hurt individualism, hon. members should realize that to-day we are faced with the greatest tragedy in human history. There are millions of people in the civilized world with no gainful employment, and yet there is a great abundance of goods not being consumed, despite the fact that there are people with the capacity to consume those goods. The machinery of production is not being utilized. We have suggested a solution. We invite constructive criticism, but we suggest that those who criticize what we have placed before the house should suggest an alternative to our resolution.

For these reasons I ask hon. members to support the resolution which states that the industrial, commercial and financial organizations and undertakings that are failing to function in the general interest should be taken over by the appropriate public authorities and operated as public services or cooperative enterprises.

Mr. SLAGHT: I wonder if before the hon. gentleman concludes, having admitted that he is an authority on church matters and, as I understood him, on Scotch—or the Scotch —and on water dams, he would make clear to the house whether under his plan he proposes to take over and operate the churches as a cooperative enterprise?

Mr. DOUGLAS: I shall be very glad to answer the hon. member's question. I thought he would have been able to follow me, as what I was saying was not at all involved. I mentioned that there were two kinds of goods, and that the public goods are the only ones we propose to take over. Public goods are those which lend themselves to monopoly; private goods are goods which any person may have. I was not aware that there was any monopoly of churches. If the hon. member has been to one recently he will be quite aware of the fact that anyone may go to one and anyone may start one.

Mr. G. E. WOOD (Brant): Mr. Speaker, I beg the indulgence of hon. members for, I hope, a few moments, to enter into the discussion of this resolution. I trust hon. members will bear with me. No doubt I shall find it as difficult as I believe other hon. members have found it to speak in this chamber; we realize the House of Commons is a difficult place in which to register one's opinions. I envy the ability of hon. members opposite to marshal their facts in such an admirable fashion, and I sincerely wish I had the ability to do so. I envy them for the manner in which they can quote the classics and such like to bear out the ideas they express, whether they are their own or somebody else's, but through you, Mr. Speaker, I wish to say to the house that I represent the riding of Brant which I will be modest enough to say is one of the good agricultural counties of Ontario. I myself as a working farmer feel that I am fairly representative of the majority of the people who live in that particular constituency, and I wish to take this

opportunity of stating how I think my people would look upon this resolution if the house saw fit to adopt it.

In the first place I would say that the hon. member for Winnipeg North Centre (Mr. Woodsworth) has practically eliminated the farmers from his splendid scheme. It is my opinion and that of the people I represent that if you have an economic program that does not take account of the problems of the farmers it is headed for disaster, and so far as I am concerned I intend to stay and fight to the last ditch for the sons and grandsons of those great old pioneers who came out here and built homes for themselves in the stubborn forest. The resolution is proved unsound from the very fact that it leaves out of account about one-half of the population of the country.

I appreciate the remarks of the hon. member for Grey-Bruce (Miss Macphail). She has been long enough in this chamber to be astute enough to overlook what I regard as the important part of this resolution, and she fixed her attention upon the last two words of the motion, to substitute the cooperative method of doing business for the competitive. She absolutely left out of consideration the important part of the resolution; I do not know why. No doubt she has her reasons, and I am not going to criticize her for that. Indeed I commend her for it, and I am heartily in accord with what she has said in regard to cooperation. I have been a co-operator myself; I have invested a considerable amount of my hard earned savings on the farm in furthering the cause, and some of it has not come back, but nevertheless I was very glad to do it for the cause, and I still have faith that cooperative enterprise is something we should encourage.

I have noticed that these private members' resolutions allow one a great deal of latitude, and that is why I thought I should like to take this opportunity of getting my feet on the ground and, taking my place as Liberals who have represented the riding of Brant always have done, try to make some contribution to the national life of this country.

The first thing we should do before we propose to apply a remedy to the conditions complained of in this resolution, which sets out the disabilities under which we are suffering, is to endeavour to discover the cause of those conditions. Let us find out where the trouble lies that has brought about that state of affairs which makes necessary so drastic a resolution as this. In my estimation there have been two reasons, and the process has been going on for a long time. I think it could be simmered down to this, that our present conditions are largely due to economic nationalism, which has obstructed the ordinary channels of trade; and, second, to the fact that government has lent itself to extravagance. You will quite understand, Mr. Speaker, that farmers are not blessed with an abundance of this world's goods, and any money we can save is saved only by our being frugal and paying our way as we go. I contend that if governments had followed the same principle on which the prosperous farmers in old Ontario or even in the county of Brant have worked, and had lived within their means, we would not have had the conditions that are facing us to-day. After all, wealth is the result and product of labour, and you cannot have hundreds of thousands of men unemployed in this dominion without the national wealth being impaired in consequence. When these men are not working they are not producing wealth.

The farmer is in rather a peculiar position. I think it was said by one of our labour men that labour is not a commodity but is a consumer. Well now, a farmer is not a commodity; he is a producer and a consumer too, and because of the fact that he is in this dual position economically, he has a dual responsibility. The hon. member for Winnipeg North Centre made the statement that the average farm income is five hundred dollars. The reason the farmer is receiving only five hundred dollars is that when he sells his products on the open markets of the world, those markets name the price, and there is also deducted from the price that the farmer receives all the overhead charges of extravagant government, high taxes, and all the rest of it that goes into our economic life. The farmer takes that reduced purchasing power and goes out into the restricted markets of this country to buy the necessities for his family, and reflected in the price of everything he buys are those high taxes, high duties, and the high costs of extravagant government. Think of the immense debt upon the people of this country and the obligations we have to meet. A large portion of the wealth that we produce has to go to help meet those obligations, high taxes, and extravagant governments, and that is very largely responsible for the condition of affairs we have to-day.

I would say to the hon. member for Winnipeg North Centre that if he cannot bring forward a system that will embrace all elements of society, farmers, industrialists and everyone else, in its economic structure, any other system is economically unsound and will not get the support of the great bulk of the people whom I have the honour to repre-

sent. We have a lot of people unemployed in this country, and some hon. gentleman has said that things would be better if we could only get these men back in employment and earning a living.

I was glad to hear the Minister of Trade and Commerce (Mr. Euler) give the assurance to parliament that the government is determined to correct some of these evils. True I believe there are corrections to be made, but I also believe each one of us as an individual citizen must make his individual contribution. People are too much inclined to come to the government for assistance. We have corporations coming to the government and asking to be relieved of this and that; others want relief from unfortunate investments. The result is that as a government we are spending too much money, and the farmer, being in this dual position that I mentioned a moment ago, finds his purchasing power destroyed and himself unable to buy the things he would like to buy, in addition to meeting his necessary obligations.

I had occasion to look through the parliamentary directory the other day, and I noticed that not many of the members in the southeast corner of the house are farmers. Most of them are school teachers and they have enjoyed the high standard of living which has been brought about by the system of special privileges and which has, as it were, alienated a larger portion of our people to the industrial centres. The wealth has been taken away from the wealth creators of this country; their purchasing power has been so impaired that they are not in a position to buy the things they would like to buy such as electricity, bathroom equipment, radios and all the rest of those conveniences that are considered necessary in the city. I hope I may be pardoned for being a little personal, but I want to say that I am a grandson of an old pioneer who came from Scotland. I notice the hon. member for Weyburn (Mr. Douglas) has enough Scotch in him to be proud of it.

Mr. DOUGLAS: Nationality; I insist that that should be clear.

Mr. WOOD: He is the first Scotchman I have ever seen who was not proud of the fact. I was going on to say that these gentlemen enjoy those conveniences which they claim are necessities of life, but which we look upon as being luxuries. If the purchasing power of the farmer can be restored; if he is able to sell his goods and have some money to spend, he will keep the workers in the factories employed. As I started to say, I am a grandson of one of the old pioneers and still living on the homestead. I have no radio in my home; I have no furnace and I have to take a bath in a wash dish when I want one during the cold weather. But I am happy under those conditions and I would not substitute my ideals of Canadian citizenship for anything of which I have heard from the opposite side of the house. I believe the old capitalistic system can be put in its proper place by applying good common sense, and there seems to be so little at the present time.

I would say to the government, of which I have the honour to be a supporter: Give back to the money lenders of the country the money that belongs to them and let them seek a reward for their money in the development of industry. Let them supply the products of industry to the consumer at a lower price, but do not allow them to hide behind a protective tariff and pay their workmen a lower rate than that to which they are entitled for the product of their labour. We must have a fair exchange of services. We think we can bring about a happy condition of affairs without attempting to tear down the economic life that we have developed.

Mr. LANDERYOU: The hon. gentleman opposite said that we should live within our means, both individually and as a government. Is that correct?

Mr. WOOD: Yes, but of course there are exceptions to every rule. I know exactly what the hon. member is going to say.

Mr. LANDERYOU: That is just like saying that if a frog had wings he would not bump himself when he jumps. During the war how could we—

Some hon. MEMBERS: Order.

Mr. LANDERYOU: Mr. Speaker, under our present financial system how could we have conducted the war without going into debt? How could we have conducted it by living within our means? That is a question I should like to ask.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, this is a very bad place to offer $25 without having it in hand. Last year I offered $25 of good Canadian currency to the then Postmaster General, Mr. Sauvé, in order to purchase a certain island, but he refused it. Perhaps he was from Missouri. I want to tell my hon. friends that they should not make any offers without having gold in hand, and gold is hard to get at the present time. I have just received from the Department of Finance some very interesting statis-

tics. These show the amount of currency that we have in Canada. Reports are published monthly in the official gazette of Canada, and I recommend to my hon. friends in the leftist corner the reading of that gazette as well as the acts concerning finance, banks and all that. They will also find the reports of the Minister of Finance (Mr. Dunning) most fascinating and instructive.

Mr. BLACKMORE: The hon. gentleman is dealing with ancient history. We left that quite a long time ago.

Mr. POULIOT: I understand the hon. gentleman is the leader of the group in the far corner. If they read all these things to obtain learning for themselves they did not share their knowledge with their constituents. I am sorry for their constituents because of that.

Mr. BLACKMORE: How can we tell the hon. gentleman anything when he will not listen?

Mr. POULIOT: I am sorry; I was busy answering some letters of my constituents. I pity the constituents of my hon. friends who listened to them and believed them during the election. What I intend to read will prove very dull to those who have read it already, but it might be useful to put it on Hansard as a record. I intend to give the amounts in the current and savings accounts of the chartered banks during the past six years. I shall not impose upon the house by giving the figures for each month, but I shall give the figures for January and June of each year. These figures will give the house some idea of the money at the disposal of the public in the chartered banks of Canada.

Mr. WOODSWORTH: Would the hon. member be good enough to relate this particular subject to the motion under discussion?

Mr. POULIOT: I am always glad to answer the hon. member for whom I have a soft spot in my heart.

Mr. DUNNING: You could relate almost anything to this resolution.

Mr. POULIOT: Most of the discussion has been in connection with the capitalistic system. Every man who has a cent in the bank is a capitalist. Every man who buys a victory or a dominion bond is a capitalist, and these bonds are purchased with money from the banks. It will be most interesting to see what amount is available in the deposits in our banks. This will give my hon. friend an opportunity to attain his end and achieve the object of his resolution. Perhaps he is still in favour of nationalizing the banks. I asked him some questions but he did not tell as much as our hon. friends in the leftist corner have told their constituents. However, I will read this statement; it is official, having been published in the official gazette, and I am sure it will interest my hon. friend in the highest degree:

Date	Current accounts	Savings accounts
Jan. 31, 1929..	$674,000,000	$1,525,000,000
July 31, 1929..	692,000,000	1,453,000,000
Jan. 31, 1930..	644,000,000	1,439,000,000
July 31, 1930..	605,000,000	1,402,000,000
Jan. 31, 1931..	556,000,000	1,428,000,000
July 31, 1931..	561,000,000	1,451,000,000
Jan. 30, 1932..	506,000,000	1,368,000,000
July 31, 1932..	462,000,000	1,363,000,000
Jan. 31, 1933..	445,000,000	1,382,000,000
July 31, 1933..	501,000,000	1,379,000,000
Jan. 31, 1934..	475,000,000	1,350,000,000
July 31, 1934..	504,000,000	1,360,000,000
Jan. 31, 1935..	529,000,000	1,412,000,000
July 31, 1935..	553,000,000	1,427,000,000

That is the last one I have received. Well, it is the old story. In the first year there was a little over $2,000,000,000 in the banks and now it is approximately $2,000,000,000. It has been going up and down a little for several reasons; for one thing, credit was tight for a certain time. At any rate, we have now $2,000,000,000 in the banks. How many accounts there are, I have not yet ascertained, but I shall try to get the information as soon as possible.

I ask every hon. member to look at that tabulation, which will appear in Hansard tomorrow. It will show that there is practically as much money in the banks now as there was in 1929, when theories such as those advanced by hon. gentlemen in the leftist corner would not have been accepted by the people, because at that time the people were not in despair. People are inclined to believe such theories, though they are without foundation, because they are at present in despair and they say: We will try anything. That is a great mistake.

Mr. HEAPS: Is that why they put the present party in power, because they were willing to try anything?

Mr. POULIOT: Will the hon. gentleman please repeat that? I did not hear his remark.

Mr. HEAPS: My hon. friend said that the people were willing to make any experiment.

Mr. POULIOT: Before making experiments we must come down to brass tacks and face facts. That is why I commend the Minister of Labour (Mr. Rogers) so highly for what he has done, and I am very much surprised that it has not appeared in the speech from the throne. I refer to the classification of

the unemployed according to trades. That is what he is going to do and it is a most important policy of the government. We are at rock bottom and we have to make an inventory of things so that we may be able to build from that foundation upwards. I repeat, we are bound to face facts, and we do not care about theories until we are familiar with the facts which it is our duty to study. We have every opportunity to study those facts through the different organizations and different departments, and I for one do not accept offhand the theories of any economist in any other country. Why? Because those people enunciate such theories on the basis of facts that are different from those we have to deal with in Canada. We must study the real life of Canada to see what can be done, and this may take a long time. No one can reach the moon or give it to anyone; that is absurd. We have to face the situation as it actually exists and remind the people that these are hard times. We must ask everyone who has any constructive suggestions to make to bring them forward.

No one can promise more than he can give. This is not a time to disappoint the people by telling them that we can do more than we know can possibly be done; we cannot say: We will do this and that, whether we can or not. We must first study the situation very carefully and then build on the rock bottom. The policy of the late government was far from being successful. They ruined the country with experiments and this government has to build on those ruins left by its predecessor. Every time a member asked questions of the late government there was an unsatisfactory answer; in the last parliament it was impossible to get information. The invariable answer that came from the lips of the then Prime Minister (Mr. Bennett) and of every one of his colleagues was: Wait and see; the government has nothing to tell. Whenever the question was asked as to what was the policy of that government, the house was told to wait and see—words full of wisdom.

Well, times have changed; this party has to do something for the welfare of the Canadian people, and it is expected that when it does propose something it will do exactly as it promises. I pity from the bottom of my heart the good people of Alberta for the experiment they are now making. One might just as well give the moon; one might just as well give the planetary system to each of the constituents of hon. gentlemen in the leftist corner.

Some hon. MEMBERS: Oh, oh.

[Mr. Pouliot.]

Mr. POULIOT: My hon. friends laugh; I am sure they were laughing to themselves when they spoke to their own people. It is a pity they have not whiskers behind which they could laugh more heartily. But, sir, the facts are there and we must face them. If they are ready to cooperate with their colleagues in the house on both sides and study the situation as it is, well and good. Believe me, sir, we on this side are ready to consider any suggestions that may come from hon. gentlemen in the far corner, provided those suggestions have some basis. I have, however, never believed in castles in the air. They look very fine; sometimes we see them in a mirage and walk very far to find them, but when we get there we find nothing at all.

Well, sir, I shall let the figures speak for me, and hon. gentlemen opposite will see that they are official. This is the money of the Canadian people, their savings, in the banks. Money is not burned or destroyed, except when it is replaced; a man may lose his money, but it goes into the pockets of another man. There is very little difference in the amount of money in the banks now. Why does it not circulate as it did previously? The first requisite for prosperity is not the creation of money or inflation, but the circulation of money. That is an elementary truth. Why do not the people spend their money now? They are starting to do so, but during the last five years they have been sitting on their money because they had no confidence in the former administration and were waiting for better times.

Mr. LANDERYOU: I should like to ask how much money the unemployed were sitting on.

Some hon. MEMBERS: Order.

Mr. POULIOT: I am ready to answer anyone, but I shall have to ask the hon. gentleman to speak more distinctly because of the poor acoustics of this chamber.

Mr. LANDERYOU: I am sorry if the hon. gentleman did not hear me. I should like to ask how much money the million unemployed have been sitting on for the last few years.

Mr. POULIOT: I am not a teacher, as my hon. friend may be, but for the moment I shall become a teacher and explain the matter to him very plainly.

Mr. WOODSWORTH: Might I suggest—

Some hon. MEMBERS: Order.

Mr. POULIOT: I will answer one first, and then the other.

Mr. WOODSWORTH: On a point of order, Mr. Speaker, I should like to ask what relation this talk by the hon. member has to the resolution now before the house. Apparently he is taking the opportunity—

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: I say that apparently he is taking the opportunity to address himself to the group to my left and not to the resolution under discussion.

Mr. POULIOT: As the hon. member for Winnipeg North Centre (Mr. Woodsworth) is older than the other hon. member I shall answer him first. Whenever he and his associates bring in plans to this house they bring them in without telling us how they may be carried out. Is this to be done by God? Is he God? I do not believe so. If his plans are to be put into operation this must be done by money and the money will have to come from the banks or else the government will have to bring about inflation for that purpose. If I can show that the plan of the hon. member for Winnipeg North Centre will never succeed because the people lack the confidence to subscribe to it, will he be satisfied? It is all right to suggest to the government that something should be done, but who is to pay for it? What taxes would be imposed upon the Canadian people for that purpose?

Mr. LANDERYOU: I ask that my question be answered, as to how much money the unemployed have been sitting on.

Mr. POULIOT: I am sorry I have not two tongues; I have one and I try to make the best of it. I am explaining the situation to the hon. member for Winnipeg North Centre. When he and his group have proposed anything in the house they have never suggested to the government a way to pay for it. The cost must come from the pockets of the Canadian people. That is what the hon. gentleman told me last year in regard to his former scheme. I asked how it was to be paid for and he said that it would be paid for by the Canadian people who had money in the bank. It would not be paid for by the unemployed of whom the hon. member for East Calgary (Mr. Landeryou) speaks, who have to be supported by the state. I hope I have answered the hon. member for Winnipeg North Centre, but if he would like any further explanations I am ready to give them to him at any time.

Mr. WOODSWORTH: On a point of order, Mr. Speaker, I simply ask that the hon. gentleman try to preserve order in the house and that, as is usual, he confine himself to the matter under discussion.

Mr. POULIOT: I will say nothing unpleasant of my hon. friend, but I remember that he is an apostle of free speech and one day, when he rose to a point of order, he objected to my answering him. However, that is enough of that.

Now I should like to answer the question of the hon. member for East Calgary, and I shall try to put the answer in a way that he will understand. Money has been idle because the people have not had confidence. I come from a rural district. In my constituency there are people who have $1,000, $2,000, $5,000 or $10,000 to spend on certain improvements to their houses, for the construction of barns or for the purchase of something for one of the family. They did not spend their money during the past five years because they were waiting for better times; they were sitting on their money for fear of the future. That is why money has been idle. Now my hon. friends come along and tell the people, "We will give you $25 a month." This has not been done yet. Mr. Aberhart has been in power for quite a long time now; he came into office last August and said, "I will realize my objective within eighteen months." But his assets are frozen now. If he tries his schemes in February or March they will be frozen too and the people will have to wait a little longer.

Mr. JOHNSTON (Bow River): Mr. Speaker—

Mr. POULIOT: If my hon. friend has something to ask I shall answer him in due course; I am ready to answer anyone. One reason why people are not spending money now is because they fear the schemes of the hon. gentlemen in the leftist corner. They are not sure what will happen to the banks; they are not sure what will become of their money, so they are sitting on it. So the plans of my hon. friends in the leftist corner—and at this time I include the members of the Cooperative Commonwealth Federation also—are most dangerous; they represent one reason why money is not now circulating. They inspire fear in those who have a small amount of money, for when they speak against capitalism they speak against the ownership of $100, $500, $1,000, $2,000 or $5,000 by men who have saved that money through hard work and who are not going to throw it into the air or into the water.

Mr. BLACKMORE: May I ask the hon. gentleman a question?

Some hon. MEMBERS: Order.

Mr. BLACKMORE: I rise to a point of order. Is everything that can be said in defence of this group to be called out of order?

Mr. DEPUTY SPEAKER: The hon. gentleman will state his point of order.

Mr. BLACKMORE: First of all we want to know whether everything we have to say is going to be called out of order.

Mr. POULIOT: Say it first.

Mr. BLACKMORE: I do not see why $25 was ever dragged into this discussion to-night, because we did not say anything about it.

Mr. POULIOT: I have spoken of the $25, and probably the hon. gentleman objects to it because he has not shown it to me.

An hon. MEMBER: Is this destructive ridicule or Liberal cooperation?

Mr. POULIOT: Ridicule is apparent at times, and it is enough to show the true nature of the thing in order to have it recognized as ridiculous by all those who know the inside of it. That is why I regret so much that the plan advocated by the hon. gentleman has been believed in by so many people of the good province of Alberta. I am ready to answer any question that is put by the hon. gentleman.

Well, sir, to sum up, there are facts that cannot be ignored, and there is the history of the world which shows that in certain times false prophets have appeared; the Bible mentions that and it is a very good book. They have been believed for some time, but as Barnum said, one can deceive some of the people some of the time, but it is impossible to deceive all of the people all of the time.

Mr. JAQUES: May I ask the hon. gentleman a question? Does he say that there were two billions of money lying idle in the Canadian banks?

Mr. POULIOT: I will give the figure to the hon. gentleman, and if he wants to ask any other questions he is welcome. This is the last report I have received of the chartered banks; it is for July 31, 1935. My hon. friend can probably find later ones in the official statistics in the library. On July 31, 1935, the total of current accounts was $553,000,000 and of savings accounts, $1,427,000,000, which makes approximately $2,000,000,000.

Mr. JAQUES: The point is: It is lying idle.

Some hon. MEMBERS: No.

Mr. JAQUES: I thought that was what the hon. gentleman said. The reason it is lying idle is that people are afraid to invest it.

Some hon. MEMBERS: Order.

[Mr. Blackmore.]

Mr. POULIOT: I may tell my hon. friend one thing, that the current accounts are accounts that do not bear interest; that is something which is known to everyone except some professors or teachers. This money goes from account to account. If my hon. friend gives me a cheque for $25 from Mr. Aberhart on a bank in Alberta and I put it into my bank it is just a matter of cross entries in books and the total in the banks will remain the same, provided Mr. Aberhart's cheque is good. On the other hand you see there is $1,427,000,000 in the savings accounts.

Mr. DEPUTY SPEAKER: Order.

Mr. DUNNING: I do not desire to enter the debate, but I am sure it has been noticeable to you, sir, that of late when any speaker sits down some one rises to ask a question. It is against the rules of the house for the member questioned to take the occasion to make a second speech. I have no particular reference to my hon. friend; I think it has occurred with reference to every speaker to-day, that after he has concluded his speech and therefore exhausted his right to speak he is asked questions and is placed in the position of breaking the rules of the house by making a second speech and sometimes a third and a fourth. I am afraid that the decorum of the house suffers, and I respectfully ask a ruling.

Mr. POULIOT: This time it was the sixth.

Mr. DEPUTY SPEAKER: The point taken by the Minister of Finance (Mr. Dunning) is well taken. In future I hope hon. members will observe the rule; those who have spoken once in the debate may not speak again, but several hon. members have spoken a second and third time.

Mr. M. J. COLDWELL (Rosetown-Biggar): I did not intend to participate in this debate to-night, but I feel that since the resolution was introduced by the leader of this group, and we have wandered somewhat afield from the intent and purpose of the resolution I should like to say a few words. The resolution has been described as communistic in its nature. I look down the avenues of time and turn over the pages of history and I am reminded of how not far from where I was born and just over a century ago a man who became one of the greatest leaders of his time, Benjamin Disraeli, sought election to the British House of Commons for the city of Taunton. At that time terms were applied to him very similar to those that are applied from time to time to the hon. member for Winnipeg North Centre (Mr. Woodsworth). But call-

ing names does not refute an argument or destroy an idea, and although to-night there has been some amusement at the expense of hon. members to my left, let me point out that while I disagree with their thesis and their policy, nevertheless they are here because a large section of the Canadian people are dissatisfied with things as they are. That is the reason for their presence and ours in the house.

A short time ago a speaker said that if one had a constructive suggestion to offer in connection with the matter now before us it should be offered. This afternoon the hon member for Grey-Bruce (Miss Macphail) referred to the social experiments taking place in Sweden and the Scandinavian countries. From time to time too we hear a great deal about Russia. Russia is sometimes thrown at us in derision. But we of British birth and British ideals are closely akin to the Scandinavian peoples. The Russian experiment is perhaps peculiar to the type of people who inhabit eastern and central Europe, but the Scandinavian activities are of interest to the people of our dominion and of the British commonwealth of nations because the people of Scandinavia are so nearly akin to ourselves.

I have in my hand a clipping which appeared in the London Economist a short time ago. Sir Walter Layton, the editor, who was for a considerable time the economic adviser of the League of Nations, in making a recent survey of Canadian conditions said:

> The question many people in Canada ask to-day is why the economic life of the country which has such vast and varied resources, cannot be so organized as to provide reasonable sustenance for 10,500,000 people when Sweden another country in northern latitudes with a much smaller area and little first class land, manages to support 7,500,000 people without condemning any large portion of them to serious privation.

To-day as I listened to some hon. members, another reference to Sweden, which I shall quote, came to my mind:

> The Swedes do not recoil in alarm when some stump speaker shouts, apropos of a measure under debate, "That's socialism!"

Mr. DUNNING: Mr. Speaker, on a point of order may I suggest that the hon. member in quoting must state his authority.

Mr. COLDWELL: I am quoting from the New York Herald Tribune.

Mr. DUNNING: An editorial?

Mr. COLDWELL: No; an article by Lewis Gamnett in which he reviews a new book.

Mr. JOHNSTON (Lake Centre): What date?

Mr. COLDWELL: I have not the date. It continues:

> They know that every community welfare measure since the first public park was opened and the first toll road was taken over by the state and made free has been greeted with that identical retort by spokesmen for licensed greed. The Swedes settle back calmly and ask: "Does it work?"

It seems to me that the question we have to ask about the system under which we are living is, first of all: Does it work? Then, if a proposal is placed before us we should ask ourselves if it is probable that the proposals would work in the country in which we live, and if it has worked elsewhere. If it has, then I venture to say that it is worthy of study. I have often thought that we could learn much from other countries if we would study what they do rather more intimately than has been our custom. I hope that if the present administration is unsuccessful in meeting the urgent and pressing needs of the Canadian people it will look into conditions existing in other countries and as far as possible endeavour to find in those countries lessons which may be applied to the country in which we live for the benefit and general good of our citizens. If the administration will do that, it will have made a great contribution not only to Canadian affairs but to world affairs also.

To-day in the reading room of the House of Commons I happened to pick up the December issue of the Economic Journal, a publication edited by John Maynard Keynes, the great Liberal economist of Great Britain. True, John Maynard Keynes may be a little to the left of some other Liberal economists, but I believe he is regarded as the outstanding progressively Liberal economist in Great Britain. In that magazine we find an instructive and somewhat difficult article written by Professor Durbin on the theory of value. The article concludes with these words, which I should like to quote:

> What is urgently required in economic theory to-day is the extension and variation of our institutional postulates in order that economists may formulate and solve the problems of rational calculus in an integrated economy.

That may be a difficult sentence, but put into the plainest of English it means simply that what we need to do is so to organize and plan our economic life that we may make intelligent and measured progress. That is our problem.

Mr. MARTIN: Are we to conclude from the hon. member's observation that he regards Mr. Keynes as the authority behind the resolution?

Mr. COLDWELL: I have not suggested anything of the kind. I have simply given the author of the quotation, to show that the magazine from which I have quoted is one of repute and edited by a man well known to all of us. I am not contending that Mr. Keynes even takes the responsibility for articles appearing in the magazine.

We have a growing consensus of opinion in the world that we cannot continue to drift, but that intelligence must be brought to bear upon the economic and social problems with which we are confronted; that through the use of that intelligence we must find the solution for the difficulties with which we are surrounded. Sometimes I feel vexed when I hear people refusing to discuss such problems. I do not contend that everything I believe is absolutely correct or sound, nor do I believe that ideas held by other men are unsound and incorrect. I believe however that out of the clash of ideas may come policies which could be moulded to assist the Canadian people, and the people of the world generally, in finding a way out of the morass of despair into which we have fallen.

Several times to-day the problem of new machinery and inventions has been mentioned. Some say that this is the cause of all our difficulties. I say that the difficulty lies in the fact that we have not organized our economy to the point at which we may utilize the machinery of production in industry, on the farms and elsewhere in order that those machines may be a blessing instead of a curse. Again to-day on several occasions we have heard interjected into the debate some observations on money. That is a problem sufficiently large to be discussed separately. Again and again we hear the cry go up: It cannot be done! Again and again we hear about constitutional difficulties in the way of making progress. A few days ago I happened to read the comments of a well known American concerning those who place constitutional and other difficulties in the way. I refer to Rexford Guy Tugwell, one of the advisers to the present President of the United States. His words are:

> The mediaeval dialectician who argues about the most constitutional method of dealing with a volcano is a greater menace to society than the worst type of agitator.

I do not believe in chaos; I do not believe in violence; I do not believe in disorder, and because I do not believe in those things I am anxious to see the government and the people of Canada grapple with these great problems and meet them in such a manner that we shall avoid the difficulties that might otherwise come to the nation in which we live. May I point this out, that not forever are men and women in middle life and beyond going to be denied the means to live in a land where there is abundance; and still less are those thousands of young men and women growing up in our midst going to stand by and be denied the opportunity to live, to marry, to settle down, to build homes, to lead natural, normal lives, without making striking and effective protests. And Mr. Speaker, I appeal to the government, even if it thinks some of the suggestions we are making from this corner of the house, some of the suggestions that are contained in the resolution put forward to-day are unsound, at least to consider them, and if after mature consideration it believes them to be so unsound as to be impossible of achievement, then I say to the government that it is its duty to bring down alternative proposals that will meet the situation which confronts us.

The Scandinavian countries can teach us many lessons. We heard this afternoon of their great cooperative institutions. I would add that in Sweden, for example, instead of the government taking over bankrupt industries, bankrupt facilities mismanaged by big business, as we and other nations have had to do from time to time, it has taken over and organized some of those great profitable industries which have become monopolistic in their nature and which therefore ought to be a matter of public concern. It has organized those industries in order that the proceeds from them may assist the government of Sweden in financing its general activities—liquor, tobacco, and now it is proposing to take over gasoline and coffee. Things that have become monopolistic in that nation, yielding high returns to the groups that control them are taken over by the government in order that they may be utilized and controlled for the good of the people of Sweden.

During the whole of this depressed period, from 1931 to 1936—and the monthly reports of the Midland Bank of England will justify this statement—the value of the Swedish kronen internally has varied less than two per cent, whereas throughout the rest of the world internal and external currencies have been fluctuating from low depths to higher points and back again from time to time. About a year ago in the monthly report of the Midland Bank I saw a graph depicting the fluctuation of Swedish internal exchange from 99·5 to 101·5 per cent of the par level, almost a straight line, while in Britain the value of the internal pound has gone up to tall peaks and then down into deep valleys. Why? Because in 1931 the social democrats and the farmers

of Sweden, representing the people and controlling parliament—and quite recently I may say they were returned with a larger support than ever—intervened to control the economic situation and took over the intelligent supervision of the Swedish financial system. They called in those economists from the universities who are sometimes treated elsewhere with derision and said to them: It is your job to stabilize the purchasing power of the people of Sweden. And they did that very thing. In spite of the fact that during the period to which I just referred Ivor Kruger, Swedish multimillionaire, committed suicide, shaking the financial world to its foundation, the fluctuation in Sweden was less than two per cent.

May I suggest to the Minister of Finance (Mr. Dunning), for whose ability I have the greatest respect, that he inquire into just exactly what was done in the little kingdom of Sweden, and why it is that unemployment there has been reduced from a comparatively high figure in 1931 and 1932 to less than one per cent of the population at the end of 1935. The last figure I saw for the kingdom of Sweden was that out of a population of some seven and a half millions of people only forty-three thousand were unemployed. That is a tremendous achievement. We are a country in many respects similar to Sweden. We are an exporting country; so is Sweden. It is true that we export different commodities. We export wheat; they export lumber. We failed to find a market for our lumber from the maritime provinces and British Columbia until a comparatively short time ago, but Sweden by means of trade relationships which she instituted, largely through the control of the country's economic structure, was enabled to trade to the advantage of her people.

I was going to quote from recent statistics in relation to Sweden, but I shall not do so to-night because the debate has already proceeded for a long time. In conclusion, Mr. Speaker, I would suggest that if we are going to speak we should try to lay before the House of Commons something which is constructive, something which, while not perhaps, in the eyes of the government, applicable to the present situation, may yet induce the government to consider and present proposals of a different nature, designed to grapple with the conditions that surround us.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, the greatest condemnation of the present economic system lies in the fact that it has failed to provide economic security for the great mass of Canadian citizens. I do not believe we can solve the problem by socializing the means of production. People to-day are not interested so much in who owns the means of production as in who is going to own the commodities produced. I feel that we should socialize the products of the machines, not by confiscation or socializing the means of production, but by placing sufficient purchasing power in the hands of the people to equate the selling price of the goods and services for sale. I believe that in doing that we shall solve the problem of adequately distributing the goods that are produced and the services that we can render. If in any economic system production is not reflected adequately by purchasing power in the hands of the people, then it is a stupid system. We must provide through the paying of just wages to those who render services to production; we must provide through the paying of just prices to those who create or produce the raw material necessary to the creation of wealth; we must provide as a supplement to the wages, salaries and commissions paid a national dividend and thus assure to the people by placing in their hands sufficient purchasing power the ownership of the goods that we can produce in such large quantities.

A complete analysis of our economic system will disclose the fact that its true purpose is to provide goods and services for the people as they require them, when they require them and where they require them. We should analyze our economic system and try to understand its component parts or factors. I should say that the two main factors are production and distribution or consumption. Under production there are a number of factors. In order to produce, a country must have favourable laws of nature. Canada is blessed with favourable laws of nature. Canada also has natural resources in abundance from coast to coast. We must have also a knowledge of the scientific methods of production. This is even more important than labour. If you took the modern machinery that we have in Canada to the heart of Africa, if you had on the one hand the negro labourer and on the other, blocks of gold, you would not be able to turn out the goods as we do in this country. This cannot be done because that important factor is missing. In Canada we have a knowledge of the scientific methods of production. Then we must have labour, whether it be solar or human energy. In this country we use machine power more than we use man power. Another factor necessary in production is this thing called money. People are wondering where it is all coming from, but no matter where it comes from we must

have it in our system, so that we may pay wages, salaries and commissions and thus establish the cost values of the goods produced.

I should like hon. members to carry their minds back to the period of 1914-18 when Canada enjoyed such prosperity, when our economic system was going full blast within the framework of the existing financial system. During that period there was made available to the producers plenty of credit or money. Fear had vanished from the financial world; they were not afraid to invest their money in creating wealth because they knew there was an effective demand or market for it in the war. Millions were poured into production to create wealth; they were unafraid that purchasing power would not be sufficient to pay for it. They knew that the entire Dominion of Canada stood behind the promise to pay for the goods produced. Our economic system was speeded up with money actually reflecting our collective ability to produce and deliver goods.

If we analyze our system of distribution we realize that here also there are many other factors. Transportation and communication in this country is possibly second to none in any place in the world. We have an elaborate system of distribution in our warehouses and storage tanks, and in our method of selling goods at retail. We have a wonderful system of weights and measures. To facilitate the distribution of goods we must place in the hands of the people sufficient money to complete the economic cycle; we must place in the hands of the people sufficient money with which to purchase the goods we have produced. We realize more and more to-day that this is the factor that is missing; we have not sufficient purchasing power in the hands of the people to buy the goods produced. If we are going to solve this problem we must place in their hands that purchasing power.

When we go into a store and see goods piled on the shelves we do not feel that there is a shortage of the measures of weight or of distance. We know that as long as the goods are there the man selling them is not going to say that he is out of yards or out of pounds. People do not run out of yards, a measure of distance, or out of pounds, a measure of weight, as long as there are goods piled up on their shelves. But how many people go into the stores and look at the goods there just as they would go into a museum and look at the articles displayed there, which they would like to buy if only they had the money. I contend that it is just as foolish for people to say that they have no money to buy the wealth which can be produced in such large quantities as it is to say that there is a shortage of yards or pounds. Surely we can find some means of providing for the producers sufficient credit that they can go ahead and turn our natural resources into consumable goods in sufficient quantity to saturate the markets of this country, and create a surplus that can be shipped out in exchange for goods not naturally produced here. Surely we can find some way of placing in the hands of the people sufficient purchasing power to ensure that they can own the goods that are produced or imported in exchange for our surplus values. That is a problem we have to solve, the problem of distribution. I suggest that there is no better way of solving this problem than to finance consumption, the same as we financed the destruction of goods during the war. Millions of dollars were poured out during the war to finance the destruction of goods. I say that we should pour money into the creation of wealth and into the hands of the people in order that they may consume goods. Until we do that we shall fail to solve our economic problem.

This question of money is continuously being brought up. Where is all the money coming from? We have been told that money must be based upon the intrinsic value of gold and silver, or it must be based upon some other source like financial credit. But I say that money is nothing more or less than a system of figures to give us the information necessary to carry on our economic system. Not necessarily must money be based upon the intrinsic value of gold and silver; but it should actually reflect our collective ability to produce and distribute wealth. If we had a block of gold as big as this desk in front of me, I would not know nor would any other member know how much money we had until we had weighed that gold and multiplied it by the value placed upon it by international financiers and government officials working in cooperation with them. And then you would have a figure by means of which you might calculate how much money you had. The only way you can find out how much money you have in a piece of gold is to weigh it and multiply it by the value placed upon it, whether it be $26 or $50 an ounce. I suggest that money, whether it is stamped upon a piece of gold or a piece of silver or a piece of paper, is only a figure after all, and we should not use this system of figures to figure the common people out of everything they produce. I say that our monetary system should be actually based upon our ability to create wealth and should reflect any increase in that ability to create and distribute wealth and render services.

The period of the war to which I referred was a period during which an enormous debt was piled up, but I believe we can produce and distribute wealth under a monetary system that would not create debt. This can be done. From time to time, as legislation is brought down and motions made in the house, we shall do our utmost to point out to hon. members that we have a financial system that will adequately take care of the economic system, and I trust that we shall be given consideration as we do this from time to time.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, in the very few minutes that remain this evening I should like to refer to one or two matters that have come up in the course of the debate. First of all, I suggest that unless these discussions are going to range over the whole field of economics it is desirable that the Speaker should rather rigidly restrict the speeches to the subject matter of the resolution.

Mr. DUNNING: Is my hon. friend seriously suggesting that in connection with resolutions of this type it is possible at all to restrict private members in their discussion? This is a very important matter and I ask the question in all seriousness.

Mr. WOODSWORTH: I do suggest that. That is why I objected to the hon. member for Témiscouata (Mr. Pouliot) quoting some bank statements which were all very well in their place—I had no objection to their being placed on Hansard—but had no immediate relevancy to the resolution before the house.

Mr. DUNNING: The resolution proposes to take over the financial institutions.

Mr. WOODSWORTH: But amounts of money in the banks have no particular relevancy to the resolution. In the same way, I do not know that the doctrines of social credit to which we have just listened have any particular relevancy to the resolution before us. I respectively submit that we are going to get into a bad tangle if on private members' resolutions, specific in character, we are allowed to wander over the whole field. At the same time, it seems to me that we ought to accord some consideration to the newer members of the house who are not very familiar with the rules. I know some have spoken when they were rather out of order; but though I have no particular sympathy with the specific doctrines of some of the members to my left, I felt rather sorry that some hon. gentlemen should attempt to take advantage of their ignorance of the rules of the house. With regard to a matter of this kind, I think the Minister of Trade and Commerce (Mr. Euler), in his usual restrained and courteous manner, put the matter very well when he pleaded that we should give fair treatment to whatever resolution might be brought forward.

I can assure newer members of the house that as I think most of the older members have come to believe, we in this particular group are quite serious about these resolutions we bring forward. They may or may not be right, but we believe them to be right and have been advocating them now for a number of years across the country. I am glad that apparently we have reached the stage at which personal abuse will not be resorted to as a means of meeting an argument. I was rather sorry that the hon. member for Davenport (Mr. MacNicol) should have seen fit to take up the time of the house trying to connect the Cooperative Commonwealth Federation party with the communists. I have been quite frank to admit that the communist stood for quite a new social order, but—

Mr. DUNNING: My hon. friend does not intend to finish to-night?

Mr. WOODSWORTH: No; but, as the hon. member for Davenport recognizes, our method of attaining our end is different. It seems unfortunate that communist tactics and program should be emphasized in a debate in which we have come forward with an altogether different proposal.

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

Tuesday, February 25, 1936

The house met at three o'clock.

PARLIAMENTARY RESTAURANT

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

That Messieurs Baker, Bertrand (Prescott), Fafard, Howard, Howden, Landeryou, MacInnis, MacMillan, Macphail (Miss), McLean (Simcoe), Mills, O'Neill, Purdy, Rhéaume, Roberge, Sinclair, Spence, Taylor (Norfolk), Tustin, Veniot, be appointed to assist His Honour the Speaker in the direction of the restaurant, as far as the interests of the Commons are concerned, and to act as members of a joint committee of both houses on the restaurant.

Motion agreed to.

PRIVILEGE—MR. BENNETT

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I feel myself reluctantly compelled to rise for the purpose of directing attention to what I conceive to

be a serious breach of the privileges of this house. The privileges of the house are the right of every member of the house and of no particular group or party in the house. Yesterday Hansard at page 443 indicates that you, Mr. Speaker, when a resolution moved by Mr. Woodsworth was before the chamber, said:

> Mr. Speaker: I would draw the attention of the hon. member (Mr. Woodsworth) to the remarks I made on the motion that was presented to the house just before this one, as they will apply to this motion, I am afraid, if it is not amended.

Whereupon Mr. Woodsworth made certain observations, and then the Minister of Justice (Mr. Lapointe) said this, at page 443:

> Mr. Lapointe (Quebec East): Mr. Speaker, I may say on behalf of the government that we have no objection to this resolution being discussed.
>
> Mr. Speaker: The hon. gentleman may proceed.

In order that there may be no question as to difference between Canadian and British procedure, there being in the latter case no appeal from the ruling of the Speaker, I direct attention to our own handbook, Beauchesne's Parliamentary Rules and Forms, at page 32, paragraph 103, under standing order 12:

> The Speaker presides over the deliberations of the house, and enforces the observance of all rules for preserving order in its proceedings; he puts every question and declares the determination of the house. As "mouth of the house" he communicates its resolutions to others, conveys its thanks and expresses its censures, its reprimands or its admonitions.

Then there is further reference to his power, that need not here be read. Then paragraph 104:

> The presiding officer, though entitled on all occasions to be treated with the greatest attention and respect by the individual members, because the power, and dignity, and honour of the assembly, are officially embodied in his person, is yet but the servant of the house. He is selected and appointed to the trust of presiding officer, in the confidence and upon the supposition of the conformity of his will to that of the assembly.

I then turn to standing order 54, which dates back to December 20, 1867, at page 141:

> Whenever the Speaker is of opinion that a motion offered to the house is contrary to the rules and privileges of parliament, he shall apprise the house thereof immediately, before putting the question thereon, and quote the rule or authority which is applicable to the case.

That was done by your honour yesterday. Then paragraph 462:

> "For the Speaker is not placed in the chair merely to read every bit of paper which any member puts in his hands in the form of a question; but it is his duty to make himself perfectly acquainted with the orders of the house and its ancient practice, and to endeavour to carry those orders and that practice into execution."

And paragraph:

> 463. If, on reading the motion, the Speaker detects an irregularity, he will at once apprise the house of the fact without waiting to have a point of order raised.

One further quotation is pertinent: "the Speaker decides questions of order only when they actually arise, not in anticipation. He is bound to call attention immediately to any irregularity, and not to wait for the interposition of a member. His decision is subject to appeal to the house."

I have indicated Mr. Speaker, what the privileges of the house are. If the representative of a majority in the house can thus make known the will of the government to the Speaker, and the Speaker then indicate to a member that he may proceed, regardless of his previous indication of his views as to the right of that member to proceed, then indeed the position of each individual member in the minority is little less than that of a slave, a slave to the will of the majority communicated to the Speaker. That cannot possibly be the intention of parliament as its privileges have been defined. I bring this matter to the attention of the house because in the opinion of the oldest member of the assembly with whom I have been able to communicate there never has been such an incident as that which happened yesterday. The anxiety displayed by certain hon. gentlemen that the Minister of Justice should be heard, endeavouring to catch the Speaker's eye, was unfortunately apparent to us all. As one of the minority I protest against this violation of the privileges of parliament. I claim my rights as a member of this assembly, as defined since 1867, and I complain very bitterly that any government, because it has behind it a powerful majority, should thus endeavour, regardless of the Speaker's view, to determine what are the rules of order in this house. The rules have been settled almost from time immemorial; they are embodied in forms and orders, and it is the duty of the Speaker to translate those orders into action and to indicate to the members of this assembly when they are or are not in order. I am not discussing the point of order, because it would be improper to do so. I am contenting myself with pointing out this violation of the privileges of parliament, and this endeavour on the part of the majority to control the action of the Chair in determining what construction shall be placed on the rules and procedure governing the conduct of business in this chamber.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, of course it is clear that the onslaught of my right hon. friend (Mr. Bennett), though apparently directed to me, is rather directed to Mr. Speaker. May I say immediately that by persisting in these attacks day after day my right hon. friend does not do justice to himself, especially when it is in connection with a matter as frivolous as the one he has raised to-day.

Let me simply point out the facts: The hon. member for Winnipeg North Centre (Mr. Woodsworth) moved a resolution which at this time I shall not read. As was his right, Mr. Speaker called attention to the fact that possibly the resolution might be out of order and possibly it should be amended. He said:

> I would draw the attention of the hon. member (Mr. Woodsworth) to the remarks I made on the motion that was presented to the house just before this one, as they will apply to this motion, I am afraid, if it is not amended.

The hon. member for Winnipeg North Centre protested in these words:

> Do I understand, Mr. Speaker, that objection is being taken to this resolution?

Then he continued to point out that if objection were taken to a discussion of the resolution it would be a hardship on him. I merely rose in my place and said:

> Mr. Speaker, I may say on behalf of the government that we have no objection to this resolution being discussed.

That was because the hon. member for Winnipeg North Centre was asking whether there was any objection being raised from any quarter to a discussion of the resolution. I said we had no objection to it—and this is the tremendous violation of the privileges of the right hon. gentleman opposite. Well, those of us who sat for the last five years know how my right hon. friend directed the debate, and the way he instructed the Speaker.

Mr. BENNETT: I am afraid the hon. member will have to—

Some hon. MEMBERS: Order.

Mr. BENNETT: Mr. Speaker, as a matter of personal privilege I have a right to speak.

Some hon. MEMBERS: Order.

Mr. BENNETT: And I propose to do so. The Minister of Justice has said that I instructed the Speaker. That is an inaccurate, improper and incorrect statement.

Mr. LAPOINTE (Quebec East): I see. May I add that the persecution of my right hon. friend over the Speaker will not have much effect in Canada.

Right Hon. Sir GEORGE PERLEY (Argenteuil): Mr. Speaker, with your permission may I say that I have been a member of this house for many years, but I do not recall any incident such as happened yesterday. As a matter of fact I believe the rules provide that when Mr. Speaker gives a ruling there is only one way to change it, and that is by an appeal against his ruling. The Minister of Justice (Mr. Lapointe) occupies a strong position in this house, and surely he knows the rules as well as any hon. member.

I submit the ruling given yesterday by Mr. Speaker in connection with the resolution offered by the hon. member for Rosetown-Biggar (Mr. Coldwell) was in practically the same words as that given in connection with the resolution proposed by the hon. member for Winnipeg North Centre (Mr. Woodsworth). There was practically no difference between the two. The ruling regarding the resolution of the hon. member for Rosetown-Biggar seems to have been satisfactory to the government, and therefore no difficulty was raised when it was declared out of order. But immediately after, when the resolution offered by the hon. member for Winnipeg North Centre was called and Mr. Speaker gave the same ruling, I submit the Minister of Justice should have allowed the ruling to stand, and I believe it would have been within the competence of any hon. member to rise at that time and move that the ruling of Mr. Speaker be sustained. My hon. friend yesterday not only did not accept the ruling but did so in brief and curt words. He did not rise in his place and say, "Well, Mr. Speaker, I am ready to submit to your ruling, but I suggest to you that this is a case in which you might allow the debate to proceed, and so far as I am concerned I shall raise no objection."

Mr. LAPOINTE (Quebec East): I will ask my right hon. friend to let my words be read.

Sir GEORGE PERLEY: I do not think it was consistent with the decorum and dignity of this house to dispose of a matter of this kind in the way it was disposed of yesterday. I say again to my hon. friend that I know of no way in which Mr. Speaker's ruling can be set aside, except by appeal, even if it be the desire of so powerful a member—

Mr. LAPOINTE (Quebec East): It was not a ruling.

Sir GEORGE PERLEY: It was a ruling by Mr. Speaker. These are his words:

> I would draw the attention of the hon. member to the remarks I made on the motion

that was presented to the house just before this one, as they will apply to this motion, I am afraid, if it is not amended.

Mr. LAPOINTE (Quebec East): "I am afraid."

Sir GEORGE PERLEY: In other words, he considered it out of order. In connection with the resolution of the hon. member for Rosetown-Biggar, he said:

Before this motion is proceeded with, I suggest to the hon. member that it might be advisable for him to amend his motion, as otherwise I am afraid I shall be bound to declare it out of order, as I did the motion of the hon. member for North Winnipeg the other day, on the ground that in my opinion if this motion were carried it would involve the expenditure of public money.

Then he rose in connection with the resolution of the hon. member for Winnipeg North Centre and gave the same ruling. In other words he considered it to be out of order, too. I am not concerned with the question whether it was or was not out of order. That has nothing to do with the matter at issue. I submit however that this is a most extraordinary procedure to take. I know of no other instance in which it has happened, and I suggest that the action taken by the Minister of Justice was not in accordance with the rules of the house.

Mr. LAPOINTE (Quebec East): Thank you for the lecture, Sir George.

BUREAU FOR TRANSLATIONS

PROPOSED BILL TO REPEAL 24-25 GEORGE V, 1934, CHAPTER 25—RULING ON POINT OF ORDER

Mr. SPEAKER: I have been asked by the hon. member for Témiscouata (Mr. Pouliot) to render my decision on a point of order raised on the bill "An Act Respecting the Bureau for Translations" upon the copies of the bill that he sent to me at the sitting of Friday, the 20th instant.

I have now the said copies of the bill before me. I find that the bill is out of order because its adoption would mean the transfer of the authority under which the translators' salaries are to be paid. I therefore rule that the bill is out of order.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

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

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty' government in the

[Sir George Perley.]

Dominion of Canada and the government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

He said: Mr. Speaker, may I at the outset say a few words with respect to the procedure the government proposes to adopt in asking the approval of this house of the Canada-United States trade agreement which was signed on November 15 last and of the legislation necessary to give it legal effect.

As hon. members will observe, the resolution to which I am speaking at the moment asks the approval of the house, in general terms, of the agreement. The resolution is designed to obtain the opinion of the house as a preliminary proceeding prior to the discussion of the details of the agreement. It is proposed, once the resolution is adopted, immediately to refer to the committee of ways and means, the agreement itself so that there may be a full discussion of its provisions with respect to the tariff changes incidental thereto before the house is asked to pass the legislation necessary to give its terms legal effect. It is in the committee of ways and means that taxes are increased; repealed or otherwise amended.

In the votes and proceedings of Friday last hon. members will doubtless have seen notice of the following motion which has since appeared upon the order paper:

Resolved, that the amendments in the customs tariff required to give effect to the trade agreement between Canada and the United States of America, signed at Washington, November 15, 1935, hereto appended, be agreed to so that the said trade agreement may be sanctioned.

The notice given in that form implied that certain amendments would have to be made to the Customs Tariff Act in connection with the schedules of the agreement. That is not the case. No amendments to the Customs Tariff Act are required with respect to the schedules. I therefore had substituted the following notice which appears in the votes and proceedings of yesterday:

That the fiscal treatment accorded to goods, the produce or manufacture of the United States of America, by the trade agreement between Canada and the United States of America, signed at Washington, November 15, 1935, be agreed to so that there may be introduced a bill giving the said trade agreement the force of law in Canada.

Under that motion, which will follow the adoption of the resolution that is now before the house, if the resolution is adopted, the agreement itself will, as I have said, be considered in committee of ways and means so that there may be the fullest discussion of

the several items in the schedules which set forth the rates of duty. After discussion in committee of ways and means, and the report thereon, leave will be asked for the introduction of a bill respecting the trade agreement between Canada and the United States. The bill will contain the following as its second clause:

> The trade agreement between Canada and the United States of America set out in the schedule to this act is hereby approved and shall have the force of law notwithstanding the provisions of any law in force in Canada.

I am presenting to the house these three distinct steps in order to remove any doubt as to the authority which parliament has over the agreement, and in order to make clear the extent to which parliament will have discussed in advance the details of the agreement before being asked, under the bill which will be introduced to approve of it in its entirety.

Hon. members will recall that when we were discussing the Canada-United Kingdom agreement strong exception was taken by the opposition of the day to the order of procedure then adopted by the government. The objection was taken on the ground that the house was asked to approve the agreement by a bill which was introduced and passed through all its stages without previous discussion in committee of ways and means of the changes in the customs tariff necessitated by the agreement. The first, second and third readings of the bill were completed before there was any discussion in committee of the whole house of the schedules to the agreement, which involved increases in the tariff as well as in some cases decreases. That was, as I said at the time, an irregular procedure. It was not the procedure adopted by the parliament at Westminster with respect to the approval of the agreement in Great Britain. In the first instance, the agreement was referred at Westminster to the committee of ways and means, and after discussion in the committee a bill was introduced giving effect to the agreement. The reverse procedure was however, adopted here. To avoid a repetition of anything of the kind, the procedure which I have indicated will be followed in the present instance. That, too, I hope, will remove any doubt in the mind of the hon. member for Winnipeg North Centre (Mr. Woodsworth) who the other day said a word about parliament being obliged to approve the agreement before hon. members had had a chance of discussing its terms. Members will see that, so far as the approval that is now being asked is to be given, it is subject to the legislation that will be necessary to give the agreement legal effect, and that legislation the house will not be asked to pass until it has discussed very fully, in committee of the whole, the essential provisions and schedules of the agreement.

May I also at the outset clear up another possible misunderstanding in the minds of some, namely, that the government has proceeded to put the agreement into force without having received in the first instance the approval of parliament. To appearances that might seem to be the case; in reality it is not so. The agreement is not yet in force. What is in force are certain schedules attached to the agreement, and they are in force pending the approval of the agreement; pending the agreement itself becoming law. If this house should decide that the agreement shall not become law then immediately such advantages as have been accruing to the country under the provisions of the agreement since January 1 will immediately cease. It is true that under the agreement, since January 1 of this year, Canada has had the advantage of lower tariff rates with respect to many commodities going from this country into the United States, and similarly this country has granted to the United States the benefit of its intermediate tariff and also certain special concessions in force at the present time. It has been possible for the government to gain for this country the immediate advantage of entry of its commodities at a lower rate of duty into the United States and to grant reduction in rates of duty in the United States pending the final enactment of the bill because of legislation passed in the last parliament which gave to the governor in council express power to reduce duties where the country was obtaining from some other country reciprocal concessions and advantages. May I quote the exact section which governs in this matter? Under the authority of section 11 of the Customs Tariff the governor in council may "make such reductions of duties on goods imported into Canada from any other country or countries as may be deemed reasonable by way of compensation for concessions granted by any such country or countries." That legislation was introduced by my right hon. friend the present leader of the opposition in 1931 when he held the office of Prime Minister. The legislation received at that time the approval of all parties in the house. I want to stress that feature. It was an enactment which met with no opposition on the part of the opposition of the day or indeed from hon. members of any of the groups then in the house. The house unanimously approved the power then sought

for the governor in council in the particulars which I have mentioned. The law as enacted in 1931 referred to reductions of duties by way of compensation. Later on in the same session the government brought down legislation to have the word "concessions" substituted for the words "reductions on Canadian products." Section 11 of chapter 30 of the statutes of 1931, reads as follows:

> The governor in council may by order in council make such reductions of duties on goods imported into Canada from any other country or countries as may be deemed reasonable by way of compensation for reductions on Canadian products granted by any such country or countries.

In 1935 this section was amended by the following resolution in the budget:

> Resolved, that the aforesaid customs tariff be further amended by deleting from section 11 thereof the words "reductions on Canadian products" and by substituting in lieu thereof the word "concessions."

The part of the agreement which is in force at the present time is in force, therefore, not because of any power which the present governor in council has taken to itself with respect to the reduction of duties, but rather because of legislation which was enacted in a previous parliament and approved by all parties in the house, and which gave to the government of the day the power to reduce duties where there were corresponding concessions being made by another country.

There is one other feature I should like to mention by way of comparison between the present agreement between Canada and the United States and the Canada-United Kingdom agreement. All changes in the tariff under the Canada-United States agreement are in the nature of reductions; under the Canada-United Kingdom agreement, a very large proportion were in the nature of increases in the tariff. Additional taxes were being imposed which was the reason why the then opposition took strong exception to the government of the day approving the agreement and passing the act itself in advance of tariff schedules being considered in the committee of ways and means. Under the present agreement there is no increase in duties; existing duties are lowered. Parliament, as I have said, has given full authority to the governor in council to take action of this kind whenever the opportunity presents itself. No exception can be taken to this agreement on the score that parliament has had no say with respect to the new rates of duty which became effective on January 1.

May I say a word or two as to the attitude of the different political parties in this country with respect to the negotiation of reciprocal

agreements with the United States. I shall not traverse much of the ground of the past, but simply indicate what has been historically the attitude of the parties and the actual agreements that have been negotiated, or concerning which there have been attempts at negotiation.

As hon. members know, prior to confederation there existed between Canada and the United States a reciprocal agreement of an extensive character. This agreement was in force from 1854 until 1866. Since confederation no previous government has apparently found it possible, however successfully negotiated, to bring a reciprocal trade agreement between Canada and the United States to the stage where it has become part of the law of the land. Since confederation agreements have been successfully negotiated including the present, on three occasions. It is significant, may I point out in passing, that in each instance it was when a Liberal administration was in office in Canada. In 1874 an agreement was negotiated by the government of Alexander Mackenzie. That agreement was signed by George Brown, on behalf of Canada, and Hamilton Fish, on the part of the United States. The agreement was defeated by the Senate of the United States.

The next agreement to be negotiated successfully was in 1911, when a reciprocal agreement was negotiated under the administration of the Right Hon. Sir Wilfrid Laurier. That agreement was not in the form of a treaty; it was to be effected by legislation to be passed concurrently by the two countries. The United States enacted the necessary legislation, but, as hon. members will recall only too well, when the legislation was under discussion in this house the opposition from the Conservative benches of the day became so strong that Sir Wilfrid Laurier decided to ask for the dissolution of parliament and go to the country on the issue of a reciprocal agreement with the United States. When the matter came before the country in a general election the issue ceased to be discussed primarily on its merits as a great economic question and was treated as a political question. It was said that an agreement of the kind would lead to political union with the United States; the cry of annexation was raised and an appeal was made to the patriotism of the people. It was stated that an agreement of the kind would mean the end of the development of Canada as a nation, that our trade would all go north and south, and that if once we entered into a trade agreement with the United States on the extensive scale of the one proposed at the time, sooner or later we would break away

from the empire. No one was stronger in his opposition to that agreement than the present leader of the opposition (Mr. Bennett). He argued, with all the power and eloquence at his command, all the points of which I have made mention.

I should like to point out wherein fortunately we are differently situated at the present time as regards this trade agreement. This is the third agreement, again one which has been negotiated by a Liberal government. There is no possibility of a repetition of what occurred in 1874 when the agreement of that time was defeated by the Senate of the United States. This agreement has been negotiated under special powers given to the president by the congress of the United States. Congressional authority has conferred on the president power to make reciprocal agreements within certain prescribed limits with other countries, and to proclaim such agreements without further reference to congress. So far as the difficulty which presented itself in 1911 is concerned, I do not think it will present itself at the present time. Fortunately at the moment we are just over a general election rather than entering into one. The question of a reciprocal agreement with the United States was an important issue in the last election. I might point out further that it was an issue upon which the respective political parties of the country were not divided; for once they were happily united. My right hon. friend, then the leader of the Conservative party, not only stated that he was in favour of a reciprocal agreement with the United States, but presented to the country the basis upon which he thought that agreement should be entered into.

Mr. BENNETT: Not entered into, negotiated.

Mr. MACKENZIE KING: My right hon. friend corrects me and says, "not entered into, negotiated." I accept the correction. I do not know whether my right hon. friend suggests that he had never intended to enter into an agreement; I always thought that he had. At any rate, the basis on which the negotiation was to take place was laid down and to all appearances the country, the electorate, were led to understand that the Conservative party was committed to the negotiation of a reciprocal agreement with the United States.

So far as the Liberal party is concerned, there never could be any doubt as to what our position would be were we returned to power. From the days of confederation down to the present the Liberal party has consistently stood for, fought for, and been prepared to give up power in a struggle for a reciprocal agreement that would be to the mutual advantage of both the United States and Canada. It would take a long time to run over the controversy of those years, but it is significant, as one tries to get a hurried view of the situation, to discover that, for the most part, when the Conservatives were in office they were never able to effect an agreement with the United States, largely because they were unwilling to make an agreement broad enough to include the possible export from the United States into this country of manufactured or semi-manufactured goods. They sought to have the agreement kept almost exclusively to natural products.

So far as Liberal administrations have been concerned, while conceding up to a point a measure of protection to certain industries, they have felt that in any agreement with the United States there should be an opportunity afforded of goods being brought into Canada, for purposes of competition if need be, goods not in the shape of natural products only but also in the shape of manufactured and semi-manufactured articles. At any rate, that seems to have been the reason why, from the Conservative point of view, no agreement was ever reached by that party. It will be recalled that, when the national policy was introduced, it was introduced not as a permanent policy of protection but as a measure of retaliation against the United States; and it was intended—it was so stated at least at the time—subsequently to repeal or to change it, provided better trade relations could be effected between the two countries. Once having been introduced as a measure of retaliation, it was retained as a matter of Conservative policy and has operated ever since to prevent an agreement going into force between Canada and the United States.

There is one other possible reason why at this moment the opportunity has been more favourable to effecting an agreement than at any other time. From confederation up to the present day there have been only two occasions on which it has happened that there were in office in the United States and Canada at the same time governments which stood avowedly for lower tariffs. The previous occasion was in 1896, at the time Sir Wilfrid Laurier's government came into office. Grover Cleveland's government was in office in the United States, and for eight months at that time there were two administrations, one at Washington and one at Ottawa, each of which was favourable to lower tariffs as between the two countries. Unfortunately, an election in the United States occurred after Sir Wilfrid Laurier's assumption of office. There was not, therefore, the opportunity in 1896 for the new

Liberal administration in Canada, coming into office, as this administration came into office after a general election, of seeking immediately to negotiate a trade agreement with a government in the United States holding views very similar to its own as to the mutual advantages of trade. When the present Liberal administration came into power, we were fortunate enough to find in office in the United States a low tariff administration, an administration that had claimed from the outset that it was desirous of entering into reciprocal agreements with other countries, and had made it quite clear that of the number Canada was one of the most important. That, I think, was a fortunate circumstance—it was an exceptional opportunity for favourable negotiation—and I believe the agreement we have to-day is in considerable measure the result of that circumstance.

I come now to the circumstances related immediately to the agreement which is before us; and which is based, I want to say very frankly, upon much that was ascertained by my right hon. friend opposite when he was in office. In considering the present agreement, it is necessary to keep in mind that it was negotiated under the special powers given to the President of the United States to enter into agreements with other countries on a reciprocal basis. Those special powers were distinctly limited, so that any agreement that could be made at this time would necessarily be limited in its scope. It was within the framework of the powers given the president by congress that the previous administration sought to negotiate an agreement; it was within that same framework that the present administration successfully negotiated the agreement into which it has entered.

The president is empowered to make an agreement, but it cannot be for a period longer than three years; that is the first limitation. Let me pause here to say a word which I hope will help to dispose of an objection which possibly may be raised by my right hon. friend. It is the one he put forward at the time of the reciprocal agreement of 1911. At that time my right hon. friend took the position that inasmuch as there was not a term of years and, by implication, a long term of years, fixed for the agreement, there was a strong reason why we should not enter into it at all. He claimed that channels of trade developed over a period of years and that it was not right that this country should enter into an agreement which might be abrogated on short notice at the will of either country which was a party to it.

My right hon. friend knew, when he began to negotiate in 1934, that he could not enter into an agreement for a longer period than three years, with the possibility of its continuance with the approval of both parties subject to six months' notice. He had apparently overcome his objection to making any agreement unless it could be for a long term of years. I recall that at the time of the Canada-United Kingdom negotiations my right hon. friend put forward the same argument—that the agreement ought to be made for many years, and the longer the better. On this occasion he appears to have been content to enter into negotiations for an agreement for three years in the hope, let us say, that it might be extended for a longer period if it proved satisfactory in the interval. I wish to make it quite clear that we cannot now encounter, as an objection to this agreement, the objection raised so strenuously by the Conservative opposition of a former day, that the agreement is not definitely fixed for a long period. I am perfectly sure, recalling the discussions that took place at the time of the negotiation of the 1911 agreement, that if the government of the day had entered into an agreement for a period of years the Conservative opposition would have said that we had made a great mistake, that we should never have entered into an agreement fixed for a term of years, but that we should have left our government free to cancel the agreement in accordance with what might seem to be wise in the circumstances as the years went by. With respect to his recent negotiations, I shall assume throughout that my right hon. friend was in earnest in being prepared to negotiate on the lines upon which he professed to be ready to negotiate. I therefore conclude that we are at present in accord on the wisdom as respects duration of entering into an agreement for a period albeit of only three years.

The next limitation placed upon the president was that in the reduction of duties no duties could be reduced by more than fifty per cent. Naturally that again restricted materially the scope of any agreement which might be reached. I know there are many who feel that some items in the United States tariff which have been reduced by fifty per cent or by a lesser amount, should have been reduced by a larger per cent than fifty. It was not possible to go that far no matter how strongly we might have pressed and also assuming that the government of the United States had thought it wise and advisable so to do. The president's powers were restricted to, at most, the reduction of existing duties by fifty per cent.

There was a third restriction on the president, namely, that no commodity which

under the existing tariff was dutiable could be placed on the free list. There was also a fourth limitation with respect to negotiating with the United States at this time. This restriction was not imposed by congress but arose out of a matter of domestic policy on the part of the government of the United States, namely that any agreement must necessarily be based upon the exchange of most favoured nation treatment as between the countries signing it. That was on the part of the United States a sine qua non of any agreement that could be entered into. Such was the framework of negotiation, and it was within that framework that my right hon. friend was prepared to proceed. It was within that framework that we were obliged to proceed. The possible scope, the important considerations, the other possibilities involved, all become pretty clear once it is realized just what the limitations and restrictions were.

The act under which the president was given power to negotiate is known as the Trade Agreement Act, and became effective on June 12, 1934. I think I should read the first part of that act, because I believe it throws new light upon the importance of negotiating trade agreements at this time. It stresses the depression as a factor which is important to countries considering the expanding of their trade. Here may I say, what I should like to emphasize throughout, that depression, rightly understood, means nothing more or less than absence of trade; and may I state the reverse as being equally true, that trade—plenty of trade—means the end of depression. That fact, I believe, is coming to be increasingly appreciated after some four or five years of economic nationalism during which efforts at promoting trade have been circumscribed and restricted rather than expanded.

The act to amend the Tariff Act of 1930, which constitutes the Trade Agreement Act of 1934, reads as follows:

> For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—
>
> (1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and
>
> (2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 per centum any existing rate of duty or transferring any article between the dutiable and free lists.

Other limitations are then set forth. What I wish to draw to the attention of hon. members is that what is said there with respect to the advantages of a reciprocal agreement so far as the United States is concerned, might be said in identical words with respect to the advantages to Canada of a reciprocal agreement with other countries where the advantages gained are mutual.

May I here remind the house of the efforts that have been made by the Liberal party, since the defeat of the reciprocity agreement of 1911, to have, if at all possible, some reciprocal agreement entered into with the United States. As I have mentioned, the agreement of 1911 was in the nature of an arrangement to be effected through concurrent legislation. The United States had passed the necessary legislation. It allowed that legislation to remain on its statute books. So long as it remained on the statute books of the United States, that legislation was available to this country at any time we chose to take advantage of it. From 1911 on throughout the remainder of his life, Sir Wilfrid Laurier urged upon the government of the day—the Conservative government of the day—not to let that opportunity go by. Despite the defeat they had inflicted upon his own administration at the polls in 1911, he urged the then government to take a broader view and to make a reciprocal agreement. He pointed out that, unless advantage were taken of the opportunity, it was inevitable that sooner or later a change would come in the attitude of the United States. He warned that existing rates of duty would be raised, and that it would then become more difficult than ever for Canada to enter into an arrangement with the United States. I ask hon. members to keep this in mind, because it

has an all important bearing upon the wisdom of approving this agreement. If this agreement is not entered into at this time we may be as sure as that night follows day, that in the course of a very short time the opportunities which exist to-day for favourable trading will so far as the United States is concerned be made much more difficult. It has happened at all times that where advantage has not been taken of a favorable opportunity, a reaction has set in, and the other extreme has been encountered.

As I say, from 1911 Sir Wilfrid Laurier urged and the Liberal opposition after Sir Wilfrid's day continued to urge that advantage should be taken of the opportunity to effect a reciprocal trade agreement with the United States. But the appeal passed unheeded and we fell upon difficult years. What was the result? The result was that we had the Fordney-McCumber tariff, and later the Hawley-Smoot tariff, each of which raised the barriers against Canada to a higher point than they had ever been before. In 1923 the Right Hon. Mr. Fielding introduced in the Customs Tariff Act a standing offer to the United States, after their offer to Canada had been repealed, by a provision which gave to the governor in council power to reduce duties on certain commodities provided the United States would enter into reciprocal arrangements with Canada with respect to any of the commodities mentioned. That offer remained on our statutes for years. It remained there, I think, until my right hon. friend in 1931 substituted what I have read to-day as the power given to his government or any succeeding government to reduce duties in a still broader way. Throughout, the attitude of the Liberal party has been that of urging that every effort should be made to further reciprocal trade under such opportunities as might be afforded. In our last parliament the hon. member for Antigonish-Guysborough (Mr. Duff) in three succeeding sessions presented a resolution urging upon the government to enter into a reciprocal agreement with the United States. On each of those occasions my right hon. friend, then Prime Minister, said that negotiations were proceeding, and asked us not to discuss the matter further for fear we might prejudice the possibility of the government securing on the best terms possible an agreement with the United States. Knowing that everyone in this country who really had at heart the development of the nation was desirous of seeing trade developed, the Liberal opposition of the day met my right hon. friend's request and refrained from discussion in order to give him every opportunity to make all the progress he could. And here may I say, if this agreement is not all that some would like it to be, one of the real reasons unquestionably is the fact that my right hon. friend did not seize the earliest opportunity to make an agreement with the United Sates. He allowed one year after another to go by. We well know that even before Mr. Roosevelt was in office, during his election campaign, he made it perfectly clear that he was most anxious to have the United States enter into reciprocal trade agreements with other counries. Stressing as he did throughout his campaign a policy of neighbourliness, it was obvious that he was looking to the possibility of increasing trade and, with it, friendly relations between the United States and ourselves as her immediate neighbour. But my right hon. friend let those years go by, 1922, 1923, 1924, 1925; those years slipped away—

Mr. BENNETT: They went by certainly, and my right hon. friend was there; those were his years.

Mr. ROWE (Dufferin): And 1926, 1927, 1928 and 1929 as well.

Mr. MACKENZIE KING: I thank my right hon. friend for his correction. There is nothing too small for him to pick up. It was quite obvious that I meant to say 1932, 1933, 1934, 1935; that those years slipped by while the president's offer was being made to Canada, and when it would have been possible, I believe, to make an agreement on much better terms than were possible later on.

Mr. CAHAN: The president's offer was not made until June, 1934.

Mr. MACKENZIE KING: But my hon. friend knows that negotiations should have been started before.

Mr. BENNETT: And they were.

Mr. MACKENZIE KING: My hon. friend's leader says that they were. Which is right? The hon. member for St. Lawrence-St. George (Mr. Cahan) says that they could not have been.

Mr. CAHAN: No, I beg your pardon.

Mr. MACKENZIE KING: What does my hon. friend say?

Mr. CAHAN: Oh well—

Mr. MACKENZIE KING: He says "Well."

Mr. CAHAN: Mr. Speaker, if I should repeat it the right hon. gentleman would misinterpret and misconstrue it. That is his attitude of mind to-day.

Mr. MACKENZIE KING: Well, I thank my hon. friend for resorting to that last re-

mark to get himself out of a hole. However, I do not want to enter into any controversy with my hon. friends opposite on what must be obvious to everyone, namely, that from the time hon. gentlemen came into office they had a chance to begin negotiations with the United States and did not do it.

Mr. ROWE (Dufferin): What about 1921 to 1930?

Mr. MACKENZIE KING: Every effort was made. We were not successful for the reasons I have just mentioned. The Republican party was in office in the United States and had put up the tariff to heights unknown before, and had done so largely as a result of the fact that the Conservative party in Canada had defeated the reciprocity agreement and had not when in office subsequently taken advantage over a period of years of the offer which continued to be made by the United States to effect a reciprocal agreement with Canada.

As everyone knows, in the matter of international negotiations it is much easier to work out the terms of an agreement when there is plenty of time for negotiation than when the time available becomes increasingly limited. If the Liberal party had been in office two years sooner, as it should have been, and would have been had my right hon. friend gone to the country when the country was demanding he should, we would have been able to make a more favourable agreement than was possible at the end of last year. As the matter stood, the present agreement was reached within two months of the reassembling of congress and within a year of the date on which a presidential election is to take place. As all who are familiar with public affairs in the United States are aware, it is extremely difficult for the government of the United States or the president to give on the eve of the reassembling of congress the consideration to such matters that at another time it might be possible for him to give. Also in the year of a presidential election all such matters become frought with fresh difficulties. Fortunately, however, there remained time enough for us to make a very good agreement, but as I say the path was made more difficult for us by the fact that my hon. friends held on to office long after they should have, and during the whole of which time they took good care to see that no agreement was entered into with the United States.

May I mention another handicap? It has been said that the Canada-United Kingdom agreement was not an obstacle to negotiation; that my right hon. friend proved that it was possible to enter into an agreement with the United States notwithstanding the existence of the Canada-United Kingdom agreement. Let me say that the present administration, when it began the negotiation of this agreement, made it a matter of policy that nothing would be done in the agreement with the United States which would in any way affect any of the provisions of the Canada-United Kingdom agreements. No matter what it would cost us and notwithstanding that we did not like many of its provisions, we were prepared to take that position and we took it and held to it throughout. And although every effort was made to have us consider the matter otherwise, to fix margins, peg rates of duty in this agreement as was done in the Canada-United Kingdom agreement we took as strongly the position that we would not agree to restrict in any way our complete freedom of action with respect to any arrangements or agreements we might have or hereafter might wish to make with Great Britain or other parts of the empire. Had my right hon. friend and his government followed that plan in connection with the Canada-United Kingdom agreement, we in Canada would be in a better position to-day to make agreements with other countries. But as hon. members know, provisions were inserted in the Canada-United Kingdom agreement under which fixed margins had to be preserved. These fixed margins have prevented reductions in duties to other countries, and to that extent have limited the powers of the government in the negotiation of other agreements. My right hon. friend said the other day that there were some things not in the Canada-United States agreement which he thought should have been. Had there been no empire agreements, some of those things which he finds missing might have been included, but we were prevented as he knows from negotiating with respect to anthracite coal, Indian corn, canned fruits, dried currants, raisins and other commodities. These are only some of the principal products on which our obligations to empire countries precluded more extensive concessions being granted to the United States in exchange for which we might have obtained a still more comprehensive agreement. To preserve the agreements made with other parts of the empire by my right hon. friend, in which duties were pegged at certain levels, we had immediately to say, "On these things we cannot negotiate further," although in some cases it obviously would have been in the interests of our consumers and producers alike for us to have been able so to do.

Now I come to something which seems to me pretty effectively precludes my right hon.

friend from taking exception to the lines on which we have proceeded, assuming he was in earnest in the negotiations he was conducting with the United States. A few days ago my right hon. friend placed on Hansard at full length a note dated November 14, 1934, from the Canadian Minister in Washington to the Secretary of State of the United States. The note sets forth what my right hon. friend, speaking as the leader of the government of which he was the head, and in the name of the Conservative party in Canada, purported to be their position as he saw it with respect to trade between Canada and the United States, and the basis upon which he was prepared to negotiate.

I wish to read a few extracts from that communication to hon. members so that they may see how much we had reason to believe that in our efforts to effect an agreement we would meet not with the opposition of my right hon. friend but with his hearty approval and cooperation. I rather expected that, at a time like this and respecting an agreement of such importance, my right hon. friend would have adopted towards the present administration something of the attitude which the Liberal party in opposition took towards his government when we accorded it the fullest freedom to make an agreement with the United States and did what we could to assist it in securing the most favourable terms. However he has not taken that attitude. The note begins as follows:

> Sir, the government of Canada for many months have been giving careful consideration to the means whereby the exchange of commodities between Canada and the United States might be increased, and I have been instructed to present a statement of their views for the information of the government of the United States. The government of Canada believe that the time has come for definite action and that the declared desire of both governments to improve conditions of trade between the two countries should now be carried into effect by the negotiation of a comprehensive trade agreement.
>
> You will recall that when the Prime Minister of Canada visited Washington in April, 1933, at the invitation of the President of the United States, the development of trade between the two countries was sympathetically discussed. On April 29, 1933, Mr. Roosevelt and Mr. Bennett issued a joint statement at the end of their conversations, which concluded as follows:
>
> "We have also discussed the problems peculiar to the United States and Canada. We have agreed to begin a search for means to increase the exchange of commodities between our two countries, and thereby promote not only economic betterment on the North American continent, but also the general improvement of world conditions."

They were taking the large view—not merely the mutual benefits to be derived, but a general improvement in world conditions. Then, a little farther on in the note I find this:

> On February 22, 1934, the Department of State issued to the press a statement concerning trade negotiations with Canada, which reads as follows:
>
> "The trade between the United States and Canada is larger in normal times than that between any other two countries in the world, and it is natural that both countries should desire to restore the reciprocal flow of commodities to normal proportions. We hope to be in a position at an early date to take steps looking to the conclusion of a trade agreement with Canada which will further the interests of both countries. We hope thus to bring into practical application the 'good neighbour' policy between these two great countries which have so much in common."

That is the end of the quotation. Then the note continues:

> A few days later, on March 2nd, the president requested the congress to enact legislation conferring on him authority to enter into trade agreements, in a message which concluded with the following words:
>
> "I hope for early action. The many immediate situations in the field of international trade that to-day await our attention can be met effectively and with the least possible delay."
>
> The legislation in question became law on June 12.

That made clear the feelings of the government of the day, and indicated not only that an agreement was desirable but that no time should be lost; that there should be immediate action. Further on I find this:

> It is hardly necessary to stress the importance to both the United States and Canada of their mutual trade.

And elsewhere:

> The relative importance of the market of each country to the other, and the persistence of trading on a substantial scale throughout the changing phases of the business cycle, as revealed by the trade returns, demonstrate the inherent advantage of this interchange of commodities, and the tremendous potentialities of expansion under favourable conditions. But no useful purpose can be served by calculating the relative shares retained by each country in a total world trade that for four years has been steadily shrinking, until in 1933 it fell in value to approximately one-third of the level of 1929. If peace and prosperity are to be established on an enduring basis, it is essential to increase the absolute volume of world trade. No better beginning can be made than by taking steps to increase without delay the volume of trade between two countries which offer the most notable opportunity.

Could any language be stronger than that as to the wisdom of a reciprocal agreement within the framework I have indicated for the purpose of furthering the trade of the two countries? I shall read this further paragraph:

> It should be realized that certain formidable obstacles to the lowering of tariff barriers now

prevailing in other parts of the world are not present between the United States and Canada. The opportunities of a new continent have resulted in a parallel economic and social development almost without precedent.

I am putting these matters on record, because I believe they will serve to answer my right hon. friend, by his own words, when he rises to speak against the agreement which is now before us for approval. He will find in his own words the answer to the arguments which he will seek to urge against this agreement. He continues:

Standards of living and working conditions are similar on both sides of the international boundary. The measures of protection which each government has imposed against the products of the other country have not been determined by a desire to exclude the products of cheap labour. In these difficult times, countries seeking to maintain high domestic standards of living have a common interest in expanding trade with each other. For the past year, also, the Canadian dollar has been close to parity with the United States dollar, and the disturbing effects of exchange instability have in large part disappeared. Even if the desired general revival of international trade should still be delayed for a considerable period, there is much to be said in favour of an immediate attempt to increase the volume of commerce between these two neighbouring countries, whose traditions and ideals of social and economic progress are so alike.

And a little further on:

The government of Canada is prepared to join the government of the United States in a declaration that their common objective is the attainment of the freest possible exchange of natural products between the two countries. It is recognized that this objective cannot be attained in the immediate future, as important interests in both countries would be disturbed unduly by the sudden removal of existing tariffs on all natural products. The government of Canada would therefore favour, as the first step, the reductions included in the proposals set out in the next paragraph, to be succeeded by progressive mutual reductions in the duties on natural products, leading to the attainment of the declared objective.

The note goes on to set forth the basis on which an agreement will be entered into, and here it will be observed that it is the only basis, as I have pointed out, on which any government in Canada could have entered into an agreement with the government of the United States. The powers which the president had were circumscribed. The policy of the United States was to make an agreement only on an exchange of most favoured nation treatment. When we come to consider what was actually done, and what could actually be done today, it will be seen that the basis set out in this note was the only possible basis.

Mr. STEVENS: Would the right hon. gentleman mention again the date of that note?

Mr. MACKENZIE KING: It is dated November 14, 1934. It was in June, 1934, that the president had been given power to negotiate as I have indicated. This note was the outcome of careful consideration and compilation by the officials of the public service after investigation on their part and in collaboration with the ministers of the day. The note goes on to say—I ask the house to note this:

I am authorized to put forward the following outline as a suitable basis for the negotiation of a trade agreement:

(a) A mutual undertaking to maintain during the lifetime of the agreement the unrestricted free entry of commodities now on the free list of either country.

That was the first step, and that has been done in the agreement which the present administration has effected. The note continues:

(b) The mutual concession of tariff treatment as favourable as that accorded to any other foreign country; this means that Canada would extend to the United States its intermediate tariff involving reductions from the present rates of duty on some 700 items, including both natural and manufactured products, together with a number of further reductions below the intermediate tariff rates through the extension to the United States of concessions made by Canada in trade conventions with foreign countries.

This again has been done in the agreement reached by this government with the United States—the exchange of most favoured nation treatment as between the two countries, with certain additional concessions. Then follows (c):

(c) The reduction by 50 per cent of the existing United States rates of duty, as authorized by the Tariff Act of 1934, on a specified number of natural products, including inter alia, lumber, fish, potatoes, milk and cream, and live cattle; a number of other agricultural products, and several minerals both metallic and non-metallic.

What is set forth in that clause has not been accomplished in full, but it has been accomplished in very large part. I shall have more to say on this point later. It is to be remembered this was a basis only for negotiation and represented undoubtedly a maximum demand. The note represented the proposals which were to be the subject of negotiation. Then (d):

(d) The reduction of the existing rates of duty by the United States on a number of partly or wholly manufactured products of Canada, including some processed natural products and certain products in which hydro-electric power comprises an important element in the cost of production.

That objective has been secured in the agreement reached by the present administration. Then (e):

(e) The reduction of the existing rates of duty by Canada on a number of natural and partly or wholly manufactured products of the United States.

That was Canada's concession to the United States as proposed by my right hon. friend opposite. We have followed him again in that, and have made concessions in accordance with this particular clause. This ends the part of the note dealing with the basis of negotiations. The note goes on to say:

In view of the declared policy of the governments of the United States and Canada to improve existing trade relations, and of the progress already made in both countries in the necessary preparatory studies, there would appear to be no barrier to the immediate initiation of negotiations and their speedy conclusion.

That was on November 14, 1934. Remember that the general elections in Canada did not take place until the month of October, 1935, nearly one year after, but my right hon. friend through his minister in the United States said to the government of the United States in the month of November, 1934:

In view of the declared policy of the governments of the United States and Canada to improve existing trade relations, and of the progress already made in both countries in the necessary preparatory studies, there would appear to be no barrier to the immediate initiation of negotiations and their speedy conclusion.

I agree with that statement. I do not think there should have been any barrier to immediate negotiations and to their speedy conclusion. But why did that barrier come into existence? There can be only one answer, and that is that my right hon. friend himself did not proceed with the negotiations as he should have proceeded with them, and would have proceeded with them, had he been anxious to effect an agreement.

How did the United States government receive the proposals of my right hon. friend? I shall not read the entire note from the Secretary of State of the United States to the Canadian minister, but I shall quote from it. It is dated Washington, December 7, 1934, and makes clear that the United States shared the view expressed by the then Canadian government that it should be possible to make an agreement in a short time. It indicates in order that there might be no mistake as to how far the United States might be able to go, one additional point which the United States government felt they should bring to the immediate attention of my right hon. friend before they negotiated further. We shall see later how my right hon. friend viewed the point thus raised. The note is signed by the Secretary of State, Mr. Cordell Hull:

I have given careful consideration to your note. I fully subscribe to the views which you express in regard to the importance to each of our countries of its trade with the other, and I am happy to note the willingness of your government to undertake negotiations looking to an increase in trade in both directions. It is not necessary to comment in detail on your statements respecting the balance of payments as between our countries. As you are aware, international balances are settled on many fronts, and it would be a serious setback to world trade if countries undertook to achieve balances with individual countries.

This would seem to indicate that my right hon. friend had been seeking an agreement on a balance of trade as between the United States and Canada alone. That may account for some delay in the negotiations. Obviously the view expressed by Mr. Hull is the correct one, and the only correct one, namely, that in international exchange trade balances are settled, not on one front, but on many fronts. Mr. Hull goes on to say:

I believe that a point has now been reached when an exchange of views on this subject with Canada should be undertaken, and I am, therefore, gratified to learn that your government is of the same mind. Whatever the desirability of the freest possible exchange of natural products, and indeed other products, between the United States and Canada as an ultimate goal, the United States government must in any negotiations undertaken at this time restrict itself to measures authorized by the Trade Agreements Act, 1934, of which I enclose a copy.

The outline which you suggest as a possible basis for discussions has been noted. You mention several specific products upon which your government proposes to seek reductions in existing rates of duty in this country. In communicating to you the willingness of the government of the United States to enter upon negotiations with your government looking to a trade agreement calculated to increase trade in both directions, I must, of course, make it clear that in advance of negotiations this government can not make any commitment as to whether it will be possible to agree to a reduction in the rates of duty on particular products, each of which must be carefully studied in the light of existing economic conditions before any decision can be reached. This is the procedure which has been adopted and followed in connection with the trade agreement negotiations with other governments. Correspondingly, it is understood that your government will wish to give the same study to individual products upon which this government may request reductions in the Canadian rates of duty.

I suggest that to the proposed outline of discussions there be added the question of methods determining the value of merchandise for duty purposes in either country, a matter which I consider of importance in the proposed negotiations.

In that communication the Secretary of State of the United States made it perfectly clear that there was one clause in the proposed basis of negotiation, as put forward by my right hon. friend, to which the United States could not agree in its entirety, namely, that they should give to the extent that was indicated a reduction of duty on certain specific commodities. They were prepared, however, to take into account existing conditions and circumstances and to see how far they could go in the matter. They stressed also the importance of including in the discussion the method of determining the value of merchandise for duty purposes, the administration of customs laws, artificial restrictions upon imports, and powers taken by the governor in council with respect to customs regulations which were particularly objectionable to the United States, as they had been to other countries.

How did my right hon. friend proceed from that stage? The following is the reply which was sent on January 4, 1935:

I have the honour to acknowledge your note of the 27th December, 1934, in which you advise me of the willingness of your government to enter upon negotiations with the government of Canada looking to a trade agreement calculated to increase trade between our two countries, and to assure you that my government, who have noted the suggestion that the question of methods of determining the value of merchandise for duty purposes be added to the proposed bases for discussion set forth in my note of the 14th November, are ready to commence negotiations immediately with a view to the conclusion of a commercial agreement with the government of the United States of America.

That was the situation on January 4, 1935, before the previous parliament had held its last session. I submit that at that time my right hon. friend knew entirely the framework within which the agreement was to be made, how far it would be possible for him to go, and if he was prepared to carry on negotiations, about how far it would be possible for the United States to go. But have we a record of any further communications? Nothing further was given to this parliament or to the country until we were in the midst of a general election. Over and over again during the last session we asked my right hon. friend what progress he was making in the negotiations. We sought to discuss tariff matters; resolutions were introduced favouring reductions in the duties on farm implements, on machinery for mining and on the instruments of production in the other basic industries such as fishing, lumbering and the like. Each time a resolution of the kind was introduced my right hon. friend asked us to allow it to be dropped, not to proceed further with it because it might prejudice his negotiations with the United States. In that way we were prevented from discussing the matter throughout the session. Until after parliament was dissolved no word of any agreement was forthcoming. No doubt when my right hon. friend speaks he will give us the reasons for all these delays. What I want to ask is this: Why did my right hon. friend find it necessary to wait until the country was in the midst of a general election to publish the document setting out the basis of negotiation? The correspondence was handed out to the press by my right hon. friend in the month of September.

Mr. BENNETT: It was tabled here in the house.

Mr. MACKENZIE KING: This statement was brought out publicly only in the press.

Mr. BENNETT: It was publicly given to the house when the house was in session. It was laid on the table.

Mr. MACKENZIE KING: It was given to the press in its entirety only in the month of September.

Mr. BENNETT: It was laid on the table of the house.

Mr. MACKENZIE KING: A great deal was made of it by my right hon. friend during the course of his campaign. Throughout its course, he continually drew attention to it. The impression that he sought to leave with the country was this: Here is what I am standing for; I am seeing that you will get amongst others the things that I have mentioned here; negotiations are under way, and the only hope you have is to return the present administration and let me get these things for you as a consequence of having commenced the negotiations. Fortunately, both parties had been on record in the past with respect to their willingness to negotiate agreements with the United States. The public believed that if further negotiations were to be carried on with any hope of success, it was better to trust them to a party that had stood consistently for better trade relations with the United States, than to one that had defeated the reciprocity agreement that had been reached with the United States in 1911 and had made no headway in negotiating an agreement while it was itself in office.

When the present administration came into office our position was perfectly clear. My right hon. friend asks, "Why all the haste? Why was everything done so quickly? What you did do was either what had been done

before, in which event it is very good, or if not, it is very bad." In other words, "What I did was good, but what you do is bad." Perhaps we should have expected such an attitude, but I submit that it is not much of an argument. In negotiating with the United States my right hon. friend had to rely upon members of the public service for the information necessary to guide him and his colleagues. As all hon. members must know, agreements of this proportion have to be studied and worked out with the utmost care. It is true that negotiations are carried on in part by principals, but for the most part the actual work of accumulation and compilation of data, of making comparisons and estimating values is performed by members of the public service. I think this country owes a very special debt to those officers of the Department of Finance, the Department of Trade and Commerce, the Department of National Revenue and the Department of External Affairs who had to do with negotiations while my right hon. friend was in office and since we have been in office. I am sure he will be the first to say that they rendered exceptional service in seeing that the whole situation was surveyed from every possible angle, and that they brought to the attention of the ministers every consideration of which account would have to be taken. More than that, they succeeded in effecting the happiest of relations with their opposite members in the departments at Washington, an important factor in the successful completion of the agreement.

May I say at once that we sought an agreement which would be fair and square, and which would be helpful to both countries. We were not seeking, and I do not believe my right hon. friend was seeking, to get the better of the United States. I do not believe the United States was trying to get the better of us. I think that both countries had come to the conclusion that, in this period of depression when things were going from bad to worse in our respective countries and other parts of the world, the sooner we all adopted a different attitude of mind and decided that, instead of seeing how far we could keep away from each other, we should see how close together we could come in the matter of trade on a mutually helpful basis, the better it would be for all concerned. In the working out of this agreement, I believe the officials of both governments were sincerely anxious to find what would be a fair equivalent each way. I think exactly the same is true of the ministers of both governments. The government of the United States and the government of this country were actuated by one and the same motive, namely, to make an agreement which would be equally beneficial to both countries.

[Mr. Mackenzie King.]

May I point out a special reason why such should have been the attitude? This agreement is only for a period of three years. It is necessarily restricted to three years; but it may be continued indefinitely if, in the intervening three years, it proves to be mutually beneficial. Could anything destroy the agreement more effectively than that it should be shown in the course of the next three years that one country had got considerably the better of the other? Would not the effect of an agreement reached in that way be to destroy the possibility of its continuance beyond the period of three years. We believe that what has been done is a step in the right direction, a step which during the next three years will prove its wisdom so conclusively that, when that period has expired, the agreement will not only be continued indefinitely, but will be materially expanded to the increased mutual advantage of the two countries.

When we came into office it was obvious that, if an agreement was to be effected no time was to be lost. My right hon. friend sought, in the debate on the address, to make it appear that there had been undue haste in this matter. One of the reasons I have taken the trouble to read what I have read to-day is to make clear to hon. members and to the country that every conceivable angle of the situation had been canvassed by members of the permanent service while my right hon. friend was in office. Their knowledge of the facts was available to the new administration. I cannot make that too clear. I want to express, indeed I have expressed, my appreciation of all that had been done in a preliminary way, and that helped to make it possible for the new administration to obtain, at a moment's notice, all the necessary information.

The elections were held on October 14 and we came into office on the 23rd. On the 24th I called on the Hon. Mr. Armour, the United States minister, and told him that our government felt that the most important question we had before us was the negotiation of a reciprocal trade agreement with the United States. I asked if he would be kind enough to arrange a meeting between the President of the United States and myself at the earliest possible moment so that we might discuss, with regard to a trade agreement, such features as it might be necessary to have considered in that way.

Let me stress this point—I have overlooked it up to the moment but I want to emphasize it now. This government came back with a mandate from the people of Canada to put through a reciprocal agreement at the earliest possible moment. So far as asking the approval of this house is concerned, I regard that in some respects as an almost unnecessary step; the country itself has given so overwhelming an expression of approval of its confidence in a reciprocal agreement with the United States to be negotiated by a Liberal administration. The necessity for such was emphasized from every platform. As my right hon. friend has pointed out, I said more than once that if we were returned to power, the country might expect to see an agreement effected before the year was out. Why did I say that? Because I had before me the basis of the agreement as presented by my right hon. friend; and I knew very well if an administration were in earnest, if it were anxious to effect an agreement with the United States, and if that country were as it had said, equally desirous of achieving that end, that, with the knowledge which would be immediately available to us, it would be possible to work out an agreement in a very short period of time. I assured the country, if it returned us to power, that it could expect us to take the matter up immediately. The country believed what I said, and it has not been disappointed in its expectations.

Immediately after I had seen Mr. Armour, as I explained the other day, members of the cabinet went into conference with members of the service from the different departments who had been dealing with the matter. We canvassed the situation back and forth. We carefully considered how far we would be justified in granting certain concessions to the United States, what our demands should be, and what we would consistently stand for —the basis on which alone we would conclude an agreement. We were in a different position from my right hon. friend in one very important particular. We had said to the electorate throughout the campaign that in our opinion the duties in this country on implements of production were far too high. We said that if returned to office we would reduce those duties substantially. When we sought to negotiate an agreement with the United States we were prepared to offer, for concessions on their part, a reduction in those duties, as we were pledged to do, on instruments of production in the great basic industries of the country. To that extent we were in a much more favourable position than my right hon. friend in seeking to negotiate; we could negotiate for better terms than he would have found it possible to secure. I might mention other things, but I cannot go into certain matters which are more or less confidential. The one referred to, however, was known generally, and it was a factor which helped very much in the negotiation of the present agreement.

After discussing the matter fully with my colleagues in the cabinet, and after arranging to see the president, I went to Washington for that purpose. I think it is advisable to put on the record the communications given out at the time, because they help to tell the story in no uncertain terms. My right hon. friend said it was a matter of going south for my health, but I believe that anyone who read this statement at the time it was released will appreciate the significance of it.

On November 5 I handed to the press the following statement:

> I have thought it advisable, before entering upon the duties of the dominion-provincial conference, which will be held at the end of the present month, to take a short trip to the south. . . . . My intention is to go south via Washington so as to have an opportunity of visiting the Canadian legation and of calling upon the President of the United States. In arranging my plans, I sought to ascertain through Mr. Armour, the American minister at Ottawa, a time which would be convenient to the president for my call upon him. Mr. Armour has since conveyed to me an invitation from Mr. Roosevelt to be his guest at the White House during a part of my stay at Washington. I plan, accordingly, upon arrival in Washington on Thursday noon, to go to the Canadian legation. I have accepted the president's very kind invitation to be his guest at the White House on the day following, and to spend there the night of Friday, the eighth. On Saturday I shall resume my stay at the Canadian legation. In these particulars my visit to the White House will be similar to that of Mr. Bennett when, as Prime Minister and Secretary of State for External Affairs, he visited the Canadian legation in April of 1933 and in the course of that visit was the guest, at the White House, of the President of the United States.

I ask anyone at all familiar wth political matters and with the methods of proceeding in international negotiation, whether, reading that statement, it would not appear that the purpose of that visit was to discuss matters of trade with the President of the United States, just as my right hon. friend had done on a previous occasion. I was making it perfectly plain to this country that the government had before it the question of a reciprocal agreement with the United States, and that my visit to the president was unquestionably and primarily for the purpose of discussing the matter of trade relations between the two countries.

When my right hon. friend paid his visit to the president, a joint statement was issued

from the White House after their interview as to the main subject of their conversation. The joint statement was to the effect that they had been exploring means of improving trade between the two countries and were in agreement upon the objectives and the methods to be adopted. After my visit to the president, a statement was similarly given out at Washington on behalf of the president and myself, a joint statement indicating the nature of the matters discussed during the course of that visit. It was released at Washington on November 9:

The President of the United States and the Prime Minister of Canada have considered the question of increased trade which has been discussed for some time by representatives of the two nations. There is complete agreement on the objective of a greatly increased flow of trade for the benefit of both countries and substantial progress has been made towards this end. It is recognized that such an increase would be beneficially felt in all activities, because trade is but another word for increased employment, transportation and consumption.

So, again, there was no effort at concealment. As a matter of fact, on that occasion there was present at Washington, both before and after this visit with the president, a large number of the permanent officials of the departments that I have mentioned. Everyone knew or ought to have known that a trade agreement or something equally important was being negotiated at the time. The presence of these officials along with myself, and the interviews with the secretary of state, the president, and others made that perfectly clear.

A final decision was reached, after conference with the president on matters that up till that time had remained unadjusted between us, on the main features of the agreement subject, of course, on the president's part to further conference with his colleagues, and on my part to further conference with my colleagues. Negotiations then proceeded to the extent of drafting the agreement in a form ready for approval. On the night of November 9 I gave out the following statement, which indicated the further progress that had been made:

In view of the conversations which I have had with the President and the Secretary of State respecting a trade agreement between the United States and Canada, I have thought it advisable not to continue my journey to the south, without first returning to Ottawa to acquaint my colleagues with the substance of these conversations.

I have accordingly asked the members of the government to meet me in Ottawa on Monday, and have arranged to leave Washington to-night, so as to be in the Canadian capital in time to be present at the armistice day ceremonies which take place on parliament hill on Monday morning. I shall probably leave Ottawa again on the day following, to complete the short vacation in the south to which I have been looking forward.

There again I think it must have been evident to any one who could read between the lines that my purpose in coming back to Ottawa was to bring to the attention of my colleagues the matters which had been discussed at Washington with the president and the members of the cabinet there, and that I would return to Washington again.

On November 11, after having had an opportunity of discussion with the cabinet and of communicating further with the president by direct telephone from Ottawa to Washington and having ascertained that matters which had been subject to further consideration there had been duly settled in accordance with what was acceptable to us, I was able to inform the president that the agreement had been approved by the Canadian government, and to make the following statement to members of the press:

I am glad, on this armistice day, to be able to inform you that the governments of Canada and the United States have reached a definite trade agreement. The terms of the agreement were approved by the government of Canada at a meeting held this morning, prior to the proceedings on parliament hill. The formal text is now being prepared for signature. The agreement will be made public simultaneously in Canada and the United States on the date of signature. It is expected that it will be possible to have the agreement in readiness for signature in the course of a few days.

Then followed the strenuous work of getting the agreement into final form for signature. The agreement was formally signed at Washington on November 15.

I think I should place on record what was said at Washington on November 15 when the agreement was signed. These statements help to bear out what I have said about the agreement having been framed, not with the view of one country scoring as against the other, but rather with that of both seeking to further their mutual advantage, and of doing something which might be of some advantage to the world as a whole in its present plight.

When the agreement was signed on November the fifteenth in the office of the president at the White House, Mr. Franklin D. Roosevelt, the president, made the following statement:

The trade agreement which has just been signed between the United States and Canada places the trade relations between the two countries on a basis of mutual agreement for the first time since 1866. I am happy to have a part in removing this anomaly in the relations

between two countries which are united by so many bonds of friendship and common heritage.

The signing of this agreement marks the reversal of the trend of the last two decades towards undue and unnecessary trade barriers between our two countries. I am confident that this constructive step will contribute greatly to the economic recovery of both the United States and Canada.

Mr. Cordell Hull, Secretary of State of the United States, then made the following statement:

The United States and Canada are neighbours with a common frontier of 5,000 miles. It is manifest that innumerable opportunities for mutually profitable trade between these friends and next door neighbours must exist. During 1929 the United States was selling to Canada about $900,000,000 of commodities, a substantial proportion of which was farm products, and was purchasing over $500,000,000 in return. Since 1929, our exports to Canada have slumped to about $300,000,000 or a loss of some $600,000,000. This loss has resulted in large measure from shortsighted tariff policies.

Notwithstanding its increase in population, the world to-day is producing and consuming substantially less than it did in 1929 and prior years. This trade agreement will make possible the profitable sale of much of our surplus production as it will also result in the re-employment of a large number of American wage earners now idle.

The people of our two countries have common interests and common aspirations, socially, morally and materially. The progress of each depends more and more upon the progress of the other.

The problems of commerce and peace facing all nations to-day are acute. While many other parts of the world are devoting their primary efforts either to war or to the feverish building of vast armaments, with consequent neglect of the dislocated and collapsed business conditions, with resultant unemployment and widespread distress, it is for the western hemisphere to point the way to a more far-seeing, constructive basis for prosperity and for peace.

The trade agreement between our two countries will, I hope, mark the beginning of a new epoch in the affairs of our respective peoples. It will mean the common advancement of their economic and their cultural life. Underlying this agreement are the twin policies of the good neighbour and mutually profitable trade.

While many other parts of the world are slipping in the direction of economic suicide, the trade agreement between our two countries marks an outstanding step in the direction of economic sanity. It seeks to stimulate sound and healthy trade relationships and thereby to restore employment to the unemployed and a wholesale prosperity to the peoples of both countries.

It sets an example of what must be done to establish a solid foundation upon which to rebuild a suitable structure of world peace.

To these two statements, one by the president and one by Mr. Secretary Hull, I made the following reply:

The kindly words and sentiments to which you, Mr. President, have just given expression, will be warmly welcomed by His Majesty the King, in whose name I have had the honour to sign the trade agreement which has just been concluded betwen the United States and Canada.

They will, I know, be deeply appreciated by the people of Canada.

May I say, Mr. Secretary, that I very cordially endorse all that you have said of the mutual advantages likely to flow to our respective countries from the terms of the agreement.

On behalf of Canada, I heartily reciprocate the sentiments of international good will you have so generously expressed.

I believe with you that the signature of this agreement is witness of the joint intention of the governments of the United States and Canada to give rapid effect to our policies in a practical manner. At last our formal trade relations have been brought into harmony with the underlying realities of public and private friendship between our two peoples. The agreement will, I am confident, confer substantial benefits alike on the producers and consumers of both countries, while safeguarding with great care every essential interest. I feel sure that its value will be shown beyond question by a marked increase in commerce within the next few months. This undoubtedly will help both countries to make more rapid progress toward complete economic recovery.

Nor will this agreement benefit North America alone. All the world will gain from greater trade on this continent.

Nor will its benefits be confined to trade. To an anxious and troubled world we hope that there will be opened to the nations, by the force of our example, vistas of a surer path to progress and a more lasting road to peace.

I submit, Mr. Speaker, that in that exchange of views, made openly before the peoples of both countries, we have all that is needed in the way of argument to support the wisdom and the soundness of the agreement into which we have entered.

I have still to give the house the main features of the agreement itself. As I indicated at the outset, the purpose of asking approval in this preliminary way is to enable hon. members to have before them, before we enter into a discussion of details, a general view of the situation and the broad aspects of the agreement.

From now on I must ask the indulgence of the house while I place before hon. members the outstanding features of the agreement. Seeing that these involve to some extent the enumeration of rates and figures, I hope the house will permit me to do as the Minister of Finance does when he presents his budget, and quote exactly the statements I wish to give. As far as the agreement itself is concerned, hon. members have had it before them; I shall not do more than indicate what the fifteen clauses contain.

There is first the preamble. Then article I sets forth that there shall be mutual exchange of unconditional and unrestricted most-favoured-nation treatment.

Article II provides for most favoured nation treatment in regard to import and export restrictions; in the event of quantitative restrictions, quotas, etcetera, a quantity of restricted goods equivalent to the proportion enjoyed in a previous representative period shall be allocated to the exporting country.

In Article III Canada fixes maximum rates of duty on imports from the United States in relation to items enumerated in schedule I to the agreement.

In article IV the United States fixes maximum rates of duty on imports from Canada in relation to items enumerated in schedule II to the agreement.

Under Article V each country may impose on imports from the other a tax equivalent to any internal tax levied on domestic products of like nature.

Article VI provides that internal taxes on imported articles shall be no higher than those levied on like articles of national origin or any other foreign origin.

Article VII provides that no quantitative control shall be applied by either country with respect to the goods of the other, except as specifically provided for in schedules I and II; that regulations for control of markets applied to domestic products shall apply equally to goods imported from the other; that all changes must await thirty days' notice, after which, though no agreement has been reached, such change may be made; and that when such action is taken, the other country may, within fifteen days, give thirty days' notice of terminating the entire agreement.

In article VIII each country promises fair and equitable treatment to goods of the other in the event of a national monopoly over any product.

Under article IX, if either country adopts control of exchange, the other will be granted an allotment based on a previous representative period. Sympathetic consideration will be given any representations of the other in this respect.

Under article X, in the event of a wide variations in exchange rates between the two countries, either may propose modification of the agreement, and failing agreement within thirty days, may terminate the agreement in its entirety on thirty days' notice.

Under article XI, in the event of either country enacting any measure deemed as nullifying or impairing objectives of the agreement, provision is made for friendly negotiation and consideration by a joint committee of experts.

Article XII provides that the agreement shall not preclude the regulation of exports and imports of gold and silver; regulation of trade in arms; and regulation based on the following grounds: moral or humanitarian protection of human, animal or plant life, prison made goods, enforcement of police or revenue laws, and unfair or fraudulent practices.

Article XIII provides that only the most favoured nation clause of the agreement applies to the Philippines, Virgin Islands, American Samoa, and Guam. None of the concessions apply to the Panama Canal Zone, and the agreement is not to apply to concessions between (1) United States, Cuba, Philippines, the Panama Canal Zone and (2) British empire countries.

Under Article XIV, any concession may be withdrawn or subjected to quantitative restriction if through extension to a third country such country obtains the major benefit, and undue increase in importation from such country takes place. Then there is a provision as to how that difficulty may be settled.

The last article of the agreement provides that the agreement shall be ratified by His Majesty and proclaimed by the President of the United States. The agreement was proclaimed by the president on November 29. The following articles of the agreement came into force on January 1, 1936: article I, most favoured nation treatment; article III, concessions made by Canada to the United States in schedule No. I, article IV, concessions made by the United States to Canada in schedule No. 2. The entire agreement shall come into force on the day of exchange of proclamation and ratification at Ottawa. It shall remain in force until December 31, 1938, subject to the provisions of articles VII, X and XIV, the so-called escape clauses. The agreement shall thereafter be subject to termination on six months' notice.

Accompanying the agreement was a note given to the Secretary of State of the United States by the Canadian charge d'affaires at Washington declaring the Canadian government's intention to amend the Customs Act in certain particulars, as follows:

1. To change the method of determining values for duty purposes to eliminate arbitrary executive interference: (a) value for duty will not include advance for selling cost or profit greater than ordinarily prevails in country of export; (b) discounts shall not operate to increase value for duty purposes beyond ordinary price prevailing at time and place of shipment in ordinary trade; (c) in case of fixed values for duty purposes established under section 43 of the Customs Act there shall be an appeal to the tariff board; (d)

"class or kind made or produced in Canada" shall mean "in commercial quantities," and adequate notice shall be given of proposal to transfer any goods into this category.

2. Pending legislation, fixed valuations under section 43 of the Customs Act are abolished on twenty specified articles.

3. Canada is to allow Canadian visitors to the United States to bring back incidental purchases up to $100 in value under regulations "substantially equivalent" to those now in effect in the United States with respect to Canada.

This is a summary of the main provisions of the agreement. In estimating the advantages of the agreement to Canada, there is one feature which does not altogether appear on its face, namely, that as the United States enters into agreements with other countries granting to such other countries most favoured nation treatment in the United States, automatically Canada gets in the United States market the benefits accorded to those other countries. In other words, the agreement, as far as the advantages Canada will obtain from it are concerned, will become increasingly beneficial to this country, because, with each new agreement entered into by the United States, we get the advantage of what is conceded by them to the other country by way of most favoured nation treatment.

Mr. STEVENS: The right hon. gentleman will of course admit that the same principle applies in the other direction, that goods coming from any of those twenty-three nations to Canada will receive the same treatment as goods coming from the United States into Canada.

Mr. MACKENZIE KING: Yes, certainly, exchange of most favoured nation treatment is mutual. Since the agreement was signed the United States has entered into trade treaties with Honduras, The Netherlands, and Switzerland, I believe that there are some eleven other countries with which the United States are now negotiating agreements, and in the event of satisfactory agreements being arrived at, Canada will of course benefit as I have indicated.

May I point out another feature which is all important in connection with this agreement? If no agreement were entered into, there would be no guarantee that Canada would continue to enjoy the opportunities which she now has in the American market under existing rates. The United States came to have last year, for the first time, a two-column tariff. Formerly it was a general tariff the same as against all nations but now there is another tariff, which gives more favourable rates, and of that tariff Canada has had the benefit. That benefit was extended last year when my right hon. friend was in office, because negotiations were still continuing, but if this agreement is not approved Canada will cease to have the benefit of those more favourable tariff rates and will again come under the general tariff. Moreover there is to-day no guarantee that on goods which are at present admissible into the United States from Canada free, duties may not be imposed. One of the main features of this agreement is that it assures for the next three years a continuance of the favourable opportunities which we already have in the United States market and the prevention thereby of new impositions against this country.

As I have indicated, prior to May 1, 1935, the United States had a single column tariff, but when the trade agreement with Belgium came into operation there was inaugurated a new commercial policy on the part of the United States, namely the beginning of a two column tariff. Eventually all countries will be divided into two classes so far as United States imports are concerned, those with which the United States has trade agreements incorporating the most favoured nation clause, which will receive the lower rate, and all other countries failing to conclude an agreement with the United States which will pay the higher rates.

In embarking upon this new policy the United States government announced that the more favourable schedule of duties would be extended temporarily to all countries. This was done in order to promote friendly relations with other countries and to encourage them to conclude agreements with the United States. Meanwhile, negotiations towards such an end had been opened with a number of countries and the intention of the United States government to undertake such negotiations with others had been announced.

It was made known that Canadian exports to the United States would enjoy the benefits of the most favoured nation treatment until October 1, 1935, since negotiations with Canada had already begun. Later, when no agreement had been completed by that date, the concession was extended to January 1, 1936. Failing an agreement by the 1st January, 1936, there was every probability that Canada would have been removed from the favoured list and would thereby have ceased to enjoy the lower rates of duty. Already Germany had denounced the most favoured nation clause of her agreement with the United States and had suffered this fate.

At the present time the difference between the two schedules of rates, the most favoured nation and the general, in the United States tariff is not great; but it is the expressed intention of the United States government to endeavour to conclude bilateral treaties with all countries with whom she has any significant amount of trade. If such a course is followed, the disparity between the two tariff schedules will increase in a cumulative fashion. Therefore, if Canada had not concluded an agreement with the United States, while the latter continued such a policy, Canadians would have had to contend with obstacles in the United States tariff that would have become increasingly onerous as time went on.

It should, at the same time, be remembered that the policy of this country toward the United States left Canada, on a number of scores, open to attack by the people in United States adversely affected thereby. We had come to think of the general tariff as one maintained practically against goods of the United States, for the latter was the only country with which Canada had an important exchange of trade, against which the general schedule was levied. The general rate applied also to goods from Russia, but trade with that country had been largely prohibited by embargoes in any case. Thus, there was considerable weight in the United States contention that we were discriminating against them and the complaints being made at Washington were adding greatly to the pressure being put upon the United States government to retaliate against this country.

The privilege enjoyed by citizens of the United States returning to that country to bring with them goods for their own use to the value of $100, duty free, has always met with opposition from those who feel themselves adversely affected by this provision. In recent years this opposition has grown due in part to the general feeling, mentioned above, that Canada has discriminated in one way or another against the United States, but more especially because this country has consistently refused to grant any similar privilege to Canadians returning from the United States. An increasing demand was being made that this privilege no longer be given to citizens of the United States returning from Canada, and a strong lobby in Washington were pressing for action to this effect. If Canada had persisted in her refusal to reciprocate on this point it is most probable that we should have lost a trade worth several million dollars yearly.

[Mr. Mackenzie King.]

In regard to direct shipment may I say that prior to the entry into effect of the trade agreement, the Canadian tariff provided that imports enjoying the lower rates of the intermediate tariff must not pass in transit through countries to which the intermediate rates were not extended. Similarly, goods entering Canada under British preferential rates must not pass through a non-British country, if they were to secure full benefit of British preferential treatment. The United States had for some time asked for the complete abolition of these direct shipment provisions, which they contended were grossly discriminatory against United States ports and transportation facilities and against which they had threatened retaliatory action for some years. Representative White had twice introduced a bill of this nature and on January 7, 1935, representative McCormack introduced a similar measure. The good offices of the United States Department of State had succeeded in delaying the enactment of such legislation by holding out the promise that the question would be dealt with whenever a commercial agreement with Canada was concluded.

Canadian transportation officials have for some years made representations to the government of this country pointing out the serious nature of this threat and appealing for the abrogation of the direct shipment regulations in the case of United States so far as the intermediate tariff was concerned. The president of the Canadian Pacific Railway Company has pointed out the importance of the carrying trade which this country does for the United States. According to his figures goods from foreign countries shipped in transit through Canada to the United States were valued at over $65,000,000 during the fiscal year of 1931; while all Canadian imports, both empire and non-empire, shipped in transit via the United States amounted to less than $9,000,000.

It should be noted that a simple exchange of most favoured nation treatment would have automatically extended to the United States the transshipment privileges which they derived from the trade agreement. The provisions for direct shipment in connection with British preferential rates are not affected in any way.

Apart from the handicaps previously mentioned which Canada would have experienced in United States markets had she failed to secure most favoured nation treatment from that country, there was the further danger of a number of items of which Canada is the chief supplier being transferred from the free

list in the United States tariff. The most important commodity falling under this head is that of newsprint.

While newsprint still remained on the free list it was by no means certain that it would continue to do so. It has been proven that newsprint can be produced on a commercial basis from the type of pine which the southern states can supply in large quantities. For some time these interested states have demanded a high protective rate on this commodity, in order to stimulate domestic production. Their demand was assuming such proportions that the government at Washington was finding it increasingly difficult not to take action. The serious nature of this threat to the Canadian export trade will be seen once the figures of the trade are looked into.

I have here a statement showing an analysis of concessions granted to Canada, based on United States imports from Canada in the year 1929. Unless the house insists I shall not read it, but with the permission of hon. members I should like to place it on Hansard.

Mr. BENNETT: As I have to speak, I should like to know what is in it.

Mr. MACKENZIE KING: I will have it sent at once to my right hon. friend.

ANALYSIS OF CONCESSIONS GRANTED TO CANADA BASED ON UNITED STATES IMPORTS FROM CANADA—CALENDAR YEAR, 1929

Total imports		$503,000,000
†Deduct non-commercial items	$ 38,000,000	
Commercial items		465,000,000
Deduct items of Canada is not principal supplier	78,000,000	
Canada principal supplier		387,000,000
Free of duty (present laws)		253,000,000
Bound by Swedish agreement	16,000,000	
Bound by Canadian agreement	221,000,000	
Not bound	16,000,000	
Dutiable (present laws)		135,000,000
Duties reduced	79,000,000	
Duties bound	9,000,000	
Duties unchanged	47,000,000	

†Non-commercial items include—

Household personal effects	$ 4,229,000
Articles temporarily imported	1,811,000
Articles returned	16,295,000

Items of which Canada is principal supplier (Total value of items on which U.S. policy would permit negotiations.)		$387,000,000
Items directly affected		308,000,000
Free entry assured	221,000,000	
Items subject of reductions	79,000,000*	
Present low rates assured	8,000,000	
Items indirectly affected—(upwards of)		16,000,000

Wood pulp (certain kinds of which Canada is not principal supplier) continued free entry assured by Swedish treaty.

Also a number of less important items.

This list will increase as United States signs other bilateral trade treaties.

*Imports from Canada of articles on which duties were reduced were, in 1929, 94 per cent of the total imports of these commodities from all countries.

In the following summary, the figures of Canada's exports are based on United States import figures, since Canadian figures of exports do not, in certain cases, correspond to the headings of the United States tariff.

May I now give an outline of the principal agricultural concessions granted to Canada:

Live Cattle

Reduction in duty ranging from 33⅓ per cent to 50 per cent. Most important class, weighing 700 pounds or more, reduction from three cents to two cents per pound up to 155,799 head of cattle. Almost all of this quota will be allocated to Canada. Resultant average saving in duty will amount to around $9 per head of cattle. Exports 1929, $9,900,000; in 1934 they had fallen to $4,000.

Calves

Of less than 175 pounds each, duty lowered from two and one-half cents to one and one-half cents per pound. Quota 51,933.

Dairy Cows

Reduction in duty from three cents to one and one-half cents per pound. Quota 20,000 head per year.

Cream

Reductions in duty from 56$\frac{6}{10}$ cents to 35 cents per gallon. Quota 1,500,000 gallons per year. Exports 1929, $5,000,000 of 1934, negligible.

Seed Potatoes

March to November reduction in duty from 75 cents to 45 cents per hundredweight

Other three months reduction to 60 cents per hundredweight. Quota 750,000 bushels, which is three times current export.

Turnips

Reduction from 25 cents to 12½ cents per hundredweight. Exports in 1929, nearly $1,000,000.

Clover and Grass Seed

Fifty per cent reduction on these items. Exports 1929, $2,000,000; 1934, very small.

Maple Sugar

Reduction from six cents to four cents per pound. Exports in 1929, $2,500,000; 1934, less than $500,000.

Hay

Reduction from $5 to $3 per ton.

Horses

Reduction from $30 to $20.

Live Poultry and Dressed Chickens

Reduction 50 per cent and 40 per cent respectively.

Cheddar Cheese

Reduction 29 per cent. Exports 1929, nearly $2,000,000; 1934, $140,000.

Apples, Strawberries, Cherries, Peas, Frozen or Canned Blueberries

Duties reduced.

Grains

Ten per cent ad valorem rate bound on feed wheat and by-products of grain.

May I point out that in no case where it has not been possible to get concessions from the United States is any Canadian industry in a worse position than it was before. It is really in a better position by virtue of the fact that there will be in all probability a reduction on some of the implements or instruments of production used in that industry and also a lessened cost of living, and as well an increased demand for commodities as a consequence of improved conditions resulting from increased trade.

The principal concessions on fishery products granted to Canada were:

Halibut

Reduction from 2 to 1 cent per pound. Exports: 1929, $676,000; 1934, $261,000.

Salmon (Fresh or Frozen) and Swordfish

Reduction from 2 to 1½ cents per pound. Exports: 1929, $659,000; 1934, $719,000.

Mr. BENNETT: That is swordfish not frozen?

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: Salmon, fresh or frozen, and swordfish.

Mr. BENNETT: Swordfish must not be frozen.

Mr. MACKENZIE KING: I am not an authority on swordfish.

Mr. BENNETT: It is in the schedule.

Mr. MACKENZIE KING: I will not cross swords with my hon. friend on that. To continue:

Salmon (Pickled or Salted)

Reduction 25 to 20 per cent ad valorem.

Smoked Herring

Reduction from 1¼ to ⅝ cents per pound.

Eels

Reduction from 1 to ½ cent per pound.

Razor Clams (Canned)

Reduction from 23 per cent ad valorem to 15 per cent.

Lobsters and other Shell Fish

Bound on free list. Exports: 1929, over $3,000,000; 1934, approximately $2,250,000.

Sea Herring and Smelts (Frozen or Fresh)

Bound on free list. Exports: 1929, $1,250,000; 1934, $893,000.

The principal concessions on forest products granted to Canada are:

Lumber and Timber—Fir, Pine, Spruce, Hemlock and Larch

Reduction in duty from $4 to $2. Quota for Douglas fir and western helmlock, 250,000,000 feet per year. No quantitative limitation on other species. Export in 1929, $38,000,000; 1934, less than $6,000,000.

Mr. BENNETT: Is that 250,000,000 feet each for hemlock and fir, or for the two together?

Mr. MACKENZIE KING: For Douglas fir and western hemlock.

Mr. BENNETT: That would be the two together?

Mr. MACKENZIE KING: Yes.

Mr. BENNETT: That is what I wanted to be sure about.

Mr. MACKENZIE KING: To continue:

Maple, Birch and Beech Flooring

Reduction from 8 per cent ad valorem to 4 per cent. Exports: 1929, $259,000; 1934, $28,000.

Pulpboard (in Rolls) for use in the manufacture of Wall Board

Reduction from 30 per cent ad valorem to 15 per cent and from 10 per cent to 5 per cent.

Shingles

Bound on free list. Quota 25 per cent United States consumption. Exports: 1929 nearly $7,000,000; 1934, $3,500,000.

Logs, Posts, Ties, Poles, Pickets et cetera

Bound on free list. Exports: 1929, $12,000,000; 1934, less than $2,250,000.

Now I will give the principal concessions on mineral products granted to Canada:

Ferro Manganese

Reduction from 1⅞ cents to one cent per pound manganese content (as a result of concession in the agreement and of a reduction in the Brazilian agreement on manganese ore). Exports: 1929, $3,600,000, 1934, $250,000.

Ferro Silicon

Reduction from 2 cents to 1½ cents per pound metallic content. Exports: 1929, $1,193,000; 1934, $188,000.

Lime (n.o.p.)

Reduction from 10 cents to 7 cents per hundredweight. Exports: 1929, approximately $300,000; 1934, $74,000.

Feldspar (Crude)

Reduction from 50 cents to 35 cents per long ton. Exports: 1929, approximately $250,000; 1934, $66,000.

Basic Refractory Material

Reduction from 30 per cent to 27½ per cent ad valorem. Exports: 1929, $200,000; 1934, $167,000.

Gypsum, Asbestos (unmanufactured); Cobalt and Cobalt Ore, Nickel Ore, Matte and Oxide; Crude Artificial Abrasives (n.o.p.).

Bound on free list. Exports: 1929, approximately $16,000,000; 1934, approximately $8,000,000.

I will now give the principal concessions granted to Canada on manufactured goods. A large number of manufactured goods is included in the products on which the United States duties are lowered, the most important being those in which hydro-electric power constitutes an important factor in the cost of production:

Acetic Acid

Reduction from 2 cents to 1¼ cents per pound. Exports: 1934, $1,846,000.

Ferro Alloys and Synthetic Resins and Acetylene Black

Reductions in duties ranging from 25 to 50 per cent.

Patent and Harness Leathers

From 15 per cent and 12½ per cent respectively to 10 per cent. Exports: 1929, over $2,000,000; 1934, negligible.

Pipe Organs

Reduction from 35 per cent to 25 per cent.

Electric Cooking Stoves and Ranges

Reduction from 35 per cent to 25 per cent ad valorem.

Sporting Goods

Reductions ranging from 25 to 50 per cent.

Whiskey (Over Four Years Old)

Reductions from $5 to $2.50 per proof gallon. This is a most important concession. That is not only Scotch whiskey, as my right hon. friend supposed, but all whiskey.

Newsprint paper and those classes of wood pulp of which Canada has been the chief supplier to the United States are bound to the free list. That is one of the most important concessions. Our exports under this head in 1929 were $167,000,000, and in 1934 approximately $89,000,000.

I wish to deal now with the concessions granted to the United States on the basis of Canadian imports. Here it will be noticed that the concessions which have been granted to the United States in most cases involve a very substantial benefit to our Canadian producers as well as consumers because they are on commodities with respect to which there has been for some time past a demand for reduction in duty.

The total imports to which these items have reference amounted in 1930 to $847,000,000, and in 1935 to $304,000,000. There are eighty-six reductions in duties; seventy-nine are bound to the present rates, and fifteen are bound to the free list. There are concessions altogether with regard to 180 different commodities.

Mr. BENNETT: That is outside of the general and intermediate tariff?

Mr. MACKENZIE KING: Yes. What I wish to point out in connection with the concessions made is that where concessions have been granted by Canada they are for the most part with respect to a number of individual items, while the concessions granted by the United States to Canada are for the most part on categories rather than on individual items. While, therefore, the number of concessions granted by the United States to Canada is less on a numerical calculation, they may mean more in reality since the concessions are granted on categories of articles rather than on individual articles.

Mr. STEVENS: I think the right hon. gentleman stated a moment ago that these concessions affected an importation of some $800,000,000 in 1929, and I was wondering whether that figure was correct. It seems extraordinarily large.

Mr. MACKENZIE KING: Our total imports in 1930 were $847,000,000, and in 1935 they had fallen to $304,000,000. What I should have added—I omitted it to save time—was the valuation of the articles that will be affected by the reduction. The eighty-six reductions in duty would have affected imports in 1930 amounting to $123,000,000, and in 1935 to $23,000,000. The seventy-nine bound to the present rates would have affected imports amounting to $66,000,000 in 1930, and $21,000,000 in 1935. The fifteen bound to the free list would have affected imports amounting to $62,000,000 in 1930 and $32,000,000 in 1935. In other words, the 180 commodities on which concessions have been granted would have affected imports to the amount of $251,000,000 in 1930, and to the amount of $76,000,000 in 1935.

Mr. BENNETT: Is that the calendar or the fiscal year?

Mr. MACKENZIE KING: That will be the fiscal year.

The figures regarding the value of Canadian imports under various heads are in many cases open to question as a result of the complexity of the Canadian tariff. The figures below, for fiscal years, which were supplied by the bureau of statistics are quoted only to give an approximate idea of the relative value of these items in Canadian import trade.

Agricultural Machinery and Implements

Reductions in most classes from 25 per cent to 12½ per cent ad valorem. All tractors free. Imports: 1930, over $14,000,000.

Industrial Machinery

Reduction from 35 per cent to 25 per cent, 20 per cent, 15 per cent, 10 per cent, 5 per cent ad valorem, in the various classes. Certain sub-items of this group placed on free list. Imports: 1930, $35,800,000.

Mining Machinery

Reduction from 25 per cent to 20 per cent ad valorem. Imports: 1930, $1,900,000.

Logging Machinery

Reduction from 20 per cent to 15 per cent. Imports: 1930, $1,400,000.

Certain Types of Textile Machinery

Reduction from 10 per cent to 5 per cent. Imports: 1930, $4,900,000.

[Mr. Mackenzie King.]

Electric Dynamos, Generators, Motors and Parts

Reduction from 37½ per cent to 30 per cent ad valorem. Imports: 1930, $6,500,000.

Radios and Parts

Reduction from 30 per cent to 25 per cent ad valorem. Imports: 1930, $10,400,000.

Telephone and Telegraph Apparatus

Reduction from 30 per cent to 25 per cent ad valorem. Imports: 1930: $3,200,000.

Electric Refrigerators

Reduction from 40 per cent to 30 per cent ad valorem. Imports: 1930, nearly $2,000,000.

Washing Machines

Reduction from 35 per cent to 25 per cent ad valorem. Imports: 1930, $1,600,000.

Miscellaneous Manufactures of Iron and Steel

Reduction from 35 per cent to 25 per cent ad valorem. Imports: 1930, $20,500,000.

Electro Plated Ware

Reduction from 45 per cent to 30 per cent ad valorem. Imports: 1930, $2,600,000.

Enamel Hollow Ware, Cooking and Heating Apparatus, Kitchen Ware

Various reductions.

Dressed Lumber including Flooring

Reduction from 25 per cent to 20 per cent. Rough lumber and lumber dressed on one side—bound on free list. Combined imports: 1930, $11,100,000.

Manufactures of Wood (n.o.p.)

Reduction from 25 per cent to 20 per cent ad valorem. Imports: 1930, $3,600,000.

Miscellaneous Manufactures of Paper

Reduction from 35 per cent to 30 per cent ad valorem. Imports: 1930, $3,100,000.

Paper (n.o.p.)

Reduction from 35 per cent to 30 per cent. Imports: 1930, $2,000,000.

Fertilizers, Certain Types of Glass, Building Brick and Stone, Motorcycles, Certain Classes of Toys and Musical Instruments

Various reductions.

Magazines

Former duty up to 15 cents per copy. Placed on free list.

In passing I should like to refer briefly to magazines. Speaking on a previous occasion, my right hon. friend referred to the sacrifice being made by placing magazines and some other commodities on the free list. Accord-

ing to the basis upon which he himself was prepared to negotiate, magazines would have been on the free list.

Mr. BENNETT: How would that be?

Mr. MACKENZIE KING: By giving the intermediate tariff under most favoured nation treatment. Magazines are protected only under the general tariff; under the intermediate tariff, they come into this country free of duty.

The point of controversy or discussion between us would seem to narrow down to what my right hon. friend said the other day with respect to this being a balanced agreement. I do not think there can be much room for controversy or difference apart from this because he was prepared to exchange commodities on the bases that have been indicated. It is simply a question of whether the concessions granted on the one side counterbalance in a reasonable way the concessions granted on the other. As I have pointed out, in making the agreement we have been looking to the future, careful to see that no advantage was gained by the United States over our own country.

In granting the intermediate tariff Canada extends to the United States reductions in duty on some 700 items, but the intermediate tariff has been designed to afford Canadian industries protection against other countries, most of which have lower standards of living than has the United States. Consequently, in according the United States the intermediate tariff we are granting that country the minimum which she might expect from the conclusion of a trade agreement with Canada. That the late government fully recognized. This may be seen by the Canadian note of November 14, 1934.

On our part we will benefit to an increasing extent from such further reductions in duty as the United States may grant in trade agreements which she is negotiating with other countries; and, in time, these additional concessions which Canada will receive by virtue of the most favoured nation clause will fully balance the benefits which the United States has derived from being accorded the intermediate tariff of Canada.

In addition to granting the United States the intermediate tariff we have reduced the duty on eighty-six items in the Canadian tariff below the intermediate rates at present in force. Canada, on her part, has received reductions in respect to sixty-three items of the United States tariff, in addition to the binding of twenty-one items on the free list.

It might as I have said appear that numerically Canada has given concessions on a greater number of items than those on which she has received concessions. It must be remembered, however, that the great bulk of Canadian exports falls within a few categories of goods embracing a large trade and affecting only a limited number of classifications of the United States tariff. United States exports, on the other hand, cover a wide range of products of a diversified nature, which are enumerated in greater detail in Canadian tariff schedules than in the corresponding schedules of the United States tariff.

In the case of nickel and aluminum it was felt that any changes in existing duties would have been economically unjustified at the present time as tending to upset large investments of capital for the conversion of these metals, while so far as copper is concerned surplus stocks in the United States precluded any concessions respecting this product.

Of the other products not covered by the trade agreement the most important are codfish and table potatoes, and in the case of both these products low prices and depressed conditions in the industries concerned in the United States made it impossible for the government of that country to consider the granting of concessions on these products at the present time.

Assurance of the continuance of the moderate rates of duty under which low grade wheat and byproducts of grain have been exported in considerable volume to the United States was the only direct concession that the government were able to secure for the grain growers of Canada. Both countries are normally heavy exporters of grains and high duties have been maintained against imports of grains in order to assure United States producers against drastic falls in price levels. To have reduced the duties on grain at this stage would have taken this assurance away from United States growers without conferring corresponding benefits to Canadian producers, because even with reductions of 50 per cent in existing duties, we would still have been excluded from the United States market, at least until such time as the United States is placed on an import basis with respect to grains. When that time comes the whole position can be reconsidered and an outlet sought in that country for a part of our surplus production of grains.

A summary of the concessions granted to Canada shows that on the basis of the 1929 trade, Canada has secured:

Assurance of the continued free entry of goods, amounting in value at that time to $221,000,000.

Reductions in duties, $79,000,000.

Bindings at existing rates of duty, $8,000,000.

The total value of trade directly affected by the agreement, on the basis of 1929 volume amounts to $308,000,000.

There is a further large item which amounted in 1929 to $16,000,000, representing certain kinds of pulpwood, the continued free entry of which is assured by virtue of the trade agreement concluded between the United States and Sweden. Thus, the total volume of Canadian exports to the United States affected by the agreement is, on the basis of the 1929 figure, upwards of $325,000,000.

I have before me further proof of the benefits derived by Canada from United States concessions in connection with the binding on the United States free list of certain items, and in connection with the most favoured nation clause. However, I think I shall leave these for discussion until we are dealing with the trade agreement in greater detail.

The binding on the United States free list of twenty-one items of importance to Canadian trade is one of the most valuable features of the agreement. On many of these products there has been an intermittent agitation by interested parties for the imposition of a duty. The trade agreement gives assurance to Canadian exporters of these products that their trade will not be interfered with during the period of the agreement. In the case of newsprint especially, this should give a stimulus to the reorganization of the whole industry on a sounder footing. In 1934, Canadian exports of newsprint paper to United States were valued at over $60,000,000.

I should like to conclude by making the following references to the benefits to be derived by Canadian industry. There will be a benefit through the increased buying power of the Canadian public, with a consequent stimulus to Canadian industry. Markets in the United States will be opened to Canadian industry which had not that opportunity before. There will be cheaper means of production through reduced rates on machinery and implements of production, Canadian industry thus being placed on a more favourable competitive basis.

While granting the intermediate tariff to the United States will involve reductions in duties on United States products in the case of about 700 of the 1,400 items of the Canadian tariff, in very few cases can the reductions be said to be harmful. Here adjustments can later be made. It should be remembered that Canadian industries will retain, as regards the United States, the same measure of protection as has been obtained against the industries of nearly all foreign countries, including those countries which are not only highly industrialized but with standards of living vastly below those prevailing in the United States.

The items on which Canada granted reductions in the rates below the intermediate tariff were carefully selected so as to give the maximum benefit to the Canadian consumer and user of machinery without causing injury to Canadian industry.

Canada retains entire freedom to adjust the rates of the intermediate tariff in respect to all items not included in schedule I of the agreement. This schedule comprises 180 items or less than 13 per cent of the total number of items in the Canadian tariff; in the case of 86 items, provision is made for reductions in existing intermediate rates of duty; and in the case of 94 items, for the maintenance of existing intermediate rates of duty. During the three years' duration of the agreement, Canada may not increase the intermediate rates of these items.

The anti-dumping provisions of the Canadian tariff are still in effect and so far as values for duty are concerned the commitments have been made to the United States chiefly with a view to eliminating arbitrary executive interference with the normal course of trade. Full safeguards have been retained for dealing with abnormal situations and for protecting Canadian industries against the dumping by other countries of goods which are sold below fair market value in the country of origin, or below cost of production plus a reasonable advance for selling cost and profit.

There will be other and ampler opportunities for detailed exposition and discussion of individual rates of duty affected by the agreement, both on the resolution inviting the house to consider the agreement and on the bill giving its provisions the force of law in Canada. At this time, I desire only to refer in general terms to some of its larger effects on the Canadian economy. Basic primary industries, dependent upon accessible export markets for the profitable sale of a large part of their production, are once more enabled to enter the United States and guaranteed against a tariff increase on their products. By the very agreement that ensures them export markets, their production costs are appreciably lowered by the elimination or reduction of the duties on their implements of production. Similarly the ordinary inarticulate consumer, whose interests have been shamefully neglected, has already found out in lower prices and a wider range of choice what the agreement with the United States will mean to him: increased purchasing power of primary

producers, stimulated business for distributors and transport trades, lower costs of production generally and an increase in real wages through a reduction in many items of the household budget,—these are some of the ways in which the agreement is already making itself felt, and justifying our decision to spend every effort on achieving it.

Let me add this in conclusion. While these are immediate benefits of a material kind, I do not think one can emphasize too strongly what it will mean, not only to the United States and Canada but to other countries as well, that a step has been taken on the part of these two nations in the direction of promoting trade on a mutually beneficial basis, at a time when the world has gone well-nigh mad as a result of pursuing the fallacies of economic nationalism. We have seen already how appreciatively this agreement has been referred to by the British press; we have seen that the example set by Canada and the United States in this regard may be followed shortly by a similar arrangement between Great Britain and that country. The French press has referred in appreciative terms of what it sees in this agreement as indicating a better day for the world in the matter of international trade. Other countries have made like favourable comments. I think we are quite justified in the belief that we on this continent have at last broken the hard crust of economic nationalism and have opened the way to a more extensive trade which will be of advantage to producers and consumers alike, which will assist our railways, will bring about an increase in purchasing power, and which may help very materially to lift our country out of the depression from which it has been suffering for so many years and to restore an era of prosperity and of better relations with other lands.

Right Hon. R. B. BENNETT (Leader of the Opposition): I do not suppose that my hon. friends opposite would be prepared to concede to me the same degree of sincerity as they claim for themselves. If I say that I greatly regret that I cannot support this resolution, and that I regret this very sincerely, I state but the simple truth, and I shall give the reasons that have induced me to arrive at that conclusion.

I might point out, at the outset of my observations, which I shall endeavour to make brief, that the resolution is in terms of the exact one that was moved by myself in dealing with the United Kingdom agreement. The words are exactly the same, and those who are concerned, if they will look at Hansard of that day, will find that the then Minister of Finance, at the conclusion of my remarks, moved the house into committee of ways and means in order that the details of the changes in the schedules might be considered. I do not know that any discussion of the procedure adopted will serve any useful purpose, but those who may be interested will find the record in Hansard of that day; and the opportunity thus afforded by the then Minister of Finance, in moving the house into committee of ways and means, of discussing the various schedules was quite as clear as the procedure that is now being followed. But surely the right hon. gentleman (Mr. Mackenzie King) is in error when he assumes that the adoption of this resolution does not in every detail mean the approval of the agreement; for all one has to do is to look at the language employed in the resolution itself, and there cannot then be the slightest doubt that those who approve that resolution accept, sanction and approve the agreement itself in every detail.

I should not like in any acrimonious sense to comment upon the observation of the right hon. gentleman as to the contrast between the action taken by myself now and that which he took in 1932. Will any of us ever forget his denunciation of that agreement as the work of a Tory conspiracy—a Tory conspiracy headed by the Right Hon. Stanley Baldwin, now Prime Minister of England, and aided and abetted by the Prime Ministers of all the overseas dominions? Those who care to read Hansard of that day and see the record of the long delays that ensued by reason of the discussion will readily realize the sense of irony which apparently the right hon. gentleman was aware of when he spoke of the assistance he gave in the passing of those agreements.

I am sorry, sir, that I must also deal, somewhat differently from the way in which the right hon. gentleman dealt with it, with the history of the parties in connection with reciprocity. Those who are familiar with the reciprocity agreement of 1854, which expired by notice in 1866, will possibly recall that when the 1878-79 budget was delivered by the Conservative party, through Sir Leonard Tilley, a provision was inserted in that budget that afforded the opportunity at all times to enter into an agreement with the United States for reciprocal treatment of natural products. In 1874 the Hon. George Brown negotiated an agreement, which by the way was never signed, but which in draft form was sent to the United States and never heard of again.

From that time on there was a constant effort to renew a reciprocity agreement. In

the early nineties the United States embarked upon a policy of reciprocity and entered into reciprocity agreements with many countries. The Liberal party in 1887 declared for a form of commercial union which in 1891 culminated in an election on unrestricted reciprocity and brought forward the letter of the Hon. Edward Blake, in which he protested so strongly against the policy of his party that the matter is perhaps in the memories of most members of the house. In 1892, after the election, there went to Washington three Canadian delegates or plenipotentiaries to discuss and deal with the problem of reciprocity. They failed, because the United States was not prepared to grant to the government of that day or to any other government reciprocity in regard to natural products unless a substantial list of manufactured goods was also included in the agreement. So from 1892 on the negotiations resulted in nothing. In 1896 a Liberal government came into office. A Democratic government was in power in the United States, and as I shall presently show, the Democratic party has been the enemy of reciprocity and not its supporter in days gone by. I shall read from an authoritative source on that point. When in 1896 the Liberal government came into power and the Democratic government was in office there was not, for reasons given by the right hon. the Prime Minister, any opportunity afforded to Sir Wilfrid Laurier to negotiate or discuss reciprocity on any reasonable basis. With the advent to power, however, of a Republican administration the appointment of a commission headed by Lord Herschell was secured, and as members of that commission we had Sir Wilfrid Laurier, Sir Louis Davies, and many other illustrious Canadians. Our old friend the former member for Labelle, Mr. Bourassa, was one of the joint secretaries of that commission. They sat for months and held meetings at Quebec, but in the end they failed—and I shall give the language of the historian in that regard—and when it was all over, when Sir Wilfrid Laurier had finally concluded that failure was the only result that could follow from his efforts, he used these words:

> There will be no more pilgrimages to Washington. We are turning our hopes to the old motherland.

Those are the words of Sir Wilfrid Laurier when failure resulted from the operations of the joint high commission. He then turned his attention to the motherland, and in 1907, as those who are familiar with the proceedings of the imperial conference of that day will remember, he made strong, increasingly strong efforts to secure a preference for Canadian goods in the British market. Mr. Deakin of Australia was foremost in his advocacy of that policy. But Mr. Asquith, Mr. Churchill and Mr. Lloyd George pointed out that it was impossible of realization, and so after that conference Sir Wilfrid Laurier and the government of that day once more turned their attention to the United States of America.

Therefore it is fair to say that from confederation down to 1911 there had been a constant effort on the part of all parties in Canada to secure a measure of reciprocal trade with the United States of America. So far had that effort gone that the Liberal party in 1887 and in 1891 had actually urged unrestricted reciprocity or commercial union. Many letters and communications have been published since from Sir Wilfrid Laurier to Goldwin Smith, and letters from Goldwin Smith reciting the views held by Sir Richard Cartwright and Sir Wilfrid at that time. The acute differences within the Liberal party showed that there were at that time many people in public life who shared the views of the Hon. Edward Blake.

In 1911, under circumstances that need not now be gone into fully, instead of Canada seeking an agreement with the United States, the United States in truth sought one with Canada. That agreement included some natural products. It also included a substantial number of manufactured products. In addition to that it provided, not that these matters should be carried into effect by agreement, but rather that this should be done by joint action, that is by the congress of the United States enacting its tariff act and the Dominion of Canada enacting an exactly similar act. A number of items were dealt with favourably or preferentially by both countries, but it must not be overlooked that that agreement could be terminated by a change in tariff incidence of a single item. That was one of the reasons strongly urged against the agreement. Further, as the right hon. gentleman has said, many of us objected to it because of its uncertainty, its instability, and the direct effect it had upon the development of north and south, as against east and west routes upon which we had expended such vast sums of money and created so many lines of transportation.

At any rate the Conservative party opposed that agreement. But it was not alone in that regard. Distinguished Liberals throughout Canada—many of them, thousands of them—joined with the Conservative party of that day. Unless they had done so, undoubtedly the agreement would not have been defeated.

As I pointed out then, the uncertainty was such that a change in a single item wrecked the whole, and it was competent for either parliament on the one hand or congress on the other, by changing a single item in that list, thus to terminate the agreement. I need hardly point out that the war followed in 1914, and it would have been impossible during the war to maintain that arrangement in the terms in which it stood. Therefore, so far as we are concerned there was a period of time, 1912 and 1913, when the agreement might have remained in force; but whatever party was in power in Canada could not possibly have maintained the agreement during the period of the war. I think that is common ground, admitted by every fair and impartial observer or student of our political history.

Some hon. MEMBERS: No, no.

Mr. BENNETT: I said, "fair and impartial." It must be remembered that I made a great distinction. I have not talked with any fair and impartial man of the Liberal faith who suggests for a moment that the reciprocity agreement of 1911 could have been maintained in this country during the war. And what is more, it could not. All you have to do is to read it and you will realize why it could not. All you have to do is to give it the most casual reading and you will realize that it could not have been maintained. Be that as it may, during the long years from 1914 to 1918 it was impossible to discuss matters of that kind.

But President Wilson having come into office, without asking any concessions from us except in two minor matters to which I shall presently refer, gave us free access to the United States market. We had free access to that market for years. We built up a vast trade between Canada and the United States. We established a channel of trade; we made it increasingly deep; and then all of a sudden, without notice, that channel was blocked and that trade destroyed. I have said in the house, and I repeat, that I saw many Canadians in western Canada, engaged in the ranching business, ruined. I remember one great rancher who reckoned his wealth in millions who was completely and absolutely ruined because he had made his preparations for the United States market. For, mark you, the cattle business cannot be built up in a year or two years. If you go into the business of raising cattle to-day you must prepare to ship them and to market them two and three and even four years hence. It followed therefore that, plans having been made upon the basis of the Underwood tariff, Canadians in western Canada, finding suddenly that they were confronted with a tariff wall over which they could not send their commodities except at a great loss, were compelled to go into bankruptcy and were in fact ruined. I shall not deal further with that history beyond saying that if any hon. members are interested and will turn to the Cambridge History of the British Empire, volume six, they will find there the record of these tariff matters.

There is another document to which I shall refer. It is the diplomatic memoirs of the late General Foster, who at one time was Secretary of State of the United States and who had more to do with the negotiation and discussion of matters affecting reciprocal trade between the United States and other countries of the world than had any other statesman of his time. He was minister to many countries. He ultimately, as I said, became Secretary of State of the United States. He met our delegates in 1892; he met the joint commission in 1898, and he dealt with many of these matters as I have indicated.

On motion of Mr. Bennett the debate was adjourned.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT AMENDMENT

The house resumed from Friday, February 21, consideration of the motion of Mr. Reid for the second reading of Bill No. 2, to amend the Railway Act (rates on grain).

Hon. C. D. HOWE (Minister of Railways and Canals): Mr. Speaker, when the debate on this bill was adjourned last Friday I was making a few comments. I stated that this question is now before the governor in council, and obviously any partisan position on my part would be quite out of order. However it does not seem to be out of order for me to bring out a few points in reference to the subject. A considerable point was made of the fact that export and domestic rates to Fort William are equal. But it may be pointed out that Fort William is not a seaport, therefore not comparable with Vancouver. Montreal on the other hand is a seaport and railway rates to that port present a differential between domestic and export. Similarly Saint John and Halifax are sea ports and there is a decided differential between domestic and export rates to those cities. So while much was made of the argument that the situation in the west differs from that in the east I think the facts do not support that view.

Coming back to Vancouver, we find three rates on grain on Canadian railways; an export rate, which is the Crowsnest rate applied to the movement westward, a domestic rate which applies on high grade wheat, that is wheat of milling quality, and which is about double the export rate, and a third rate for low grade wheat and grains of that sort. This latter rate was put into effect voluntarily by the railways two or three years ago. On the United States side of the line they formerly had three rates; an export rate, a domestic wheat rate and a rate for coarse grains, but two years ago there was a hearing before the Interstate Commerce Commission, and I think the judgment of the commission was appealed to the supreme court. The result was that these three rates were combined into one rate, but I point out that the combined rate which applies on all three movements is practically equal to our domestic rate. In other words the Interstate Commerce Commission have never been able to take the view that our own board of railway commissioners have taken, that the Rocky mountains should be ignored in making rates. I think the people of British Columbia who feel that they are suffering an injustice under the domestic rates on grain westbound would do well to keep in mind that they have a distinct advantage both in their export rate and in their feed grain rate, and that the domestic rate is the one that applies south of the border for all movements.

The question then comes as to whether after all any great injury is done to the Pacific coast on account of the existing differential. True, if the rates were equalized as the bill in question suggests, Pacific coast consumers would enjoy a somewhat lower rate on feed grain for the poultry and dairy industries, and on high grade wheat that is consumed at the coast. On the other hand a very important grain for its dairy and poultry industries is corn, and I may remind them that most of the corn that enters Canada comes either from the Argentine or from Africa, and that Vancouver enjoys the cheapest rates for carriage of corn of any part of the country except the Atlantic seaboard ports. Alberta imports a great deal of corn through Vancouver, and we have had no great objection from Alberta to the fact that the domestic rate which applies on Alberta wheat to Vancouver applies also on corn coming in through Vancouver and consumed in Alberta.

In spite of the handicaps of which we have been told, the poultry business on the Pacific coast is perhaps in as prosperous condition as at any other point in Canada. In fact I think one carload of eggs moves from Vancouver into the Montreal market each week, indicating that the egg business at least must be on quite an efficient basis to make such a movement possible. I mention these points to show that there is another side to the freight rate picture than that presented to us by some hon. members from British Columbia. I have not examined the evidence given before the railway board in the case now on appeal. That case will be heard by the governor in council, whatever happens to this bill. It seems to me therefore that the mover of the bill has served all proper objects in bringing this discussion before the house, and I would suggest that at this time he might consider withdrawing his bill.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the hon. member for Comox-Alberni (Mr. Neill) made an observation the other evening as to the effort made by the late government to induce the railway companies to consider the situation in connection with rates on feed grains with the shippers or with the authorities of the province of British Columbia. I hardly think the language he suggested is the language that was used, but we did suggest a conference, and as a result an agreement was arrived at which I understood was regarded at the time as being fairly satisfactory. But after listening to British Columbia members during this debate, I gather that they are not very well satisfied with what took place, and regard the relief given as utterly inadequate. I merely mention this lest it might be thought that by silence I acquiesced in the statement as to the language used made by the hon. member for Comox-Alberni, which is hardly the fact.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, I have listened with care to the remarks of the Minister of Railways (Mr. Howe) in regard to this bill. He made a statement about corn, intimating that corn is used for cow feed in the western part of the country. I can assure him that we do not use corn to feed cattle in our district. But we have been using considerable corn for feeding poultry, and it was the opinion of a large number of members from western Canada some time ago that we might well substitute barley for corn and thereby increase the market for barley from Manitoba and other parts of the west. That is one reason why the poultry people of our section have been asking for a lower rate on feed grain, namely, in order that we might give preference to the

Canadian product. I do not think I need deal further with the remarks of the Minister of Railways.

But to deal with the bill, the unfortunate part of this freight rates matter is that it has been dragged into the political arena, and some persons in British Columbia have taken it upon themselves to try to convince the people that they are the only real advocates of lower freight rates on feed grain to our province. I think I am safe in saying that every session for the last ten or fifteen years this matter has been up in the house, and such men as the hon. member for East Kootenay (Mr. Stevens), the hon. member for Comox-Alberni (Mr. Neill) and others who have been here for some years will bear out the statement that irrespective of party we have endeavoured to secure for the Pacific coast and the producers of our section of British Columbia a lower rate for feed grain. I am not going to review the whole situation, since this bill was up before us in 1925. An appeal was made to the government which was in power prior to 1930; that appeal was dismissed and no further action taken.

Just as my leader has said, the only action taken was back in 1933 at which time there was an appeal to the privy council, and through an order in council which was issued certain directions were made. I have before me the report of the appeal of the Canadian Freight Association, No. 1848, order No. 51669, Board of Railway Commissioners for Canada, and at page 33 I find these words:

> These rates, among other matters, were then the subject of an appeal from the board's judgment to His Excellency the Governor in Council, which was dismissed by order in council P.C. 349, dated February 25, 1933, in which it is stated:—
>
> "One of the most important subjects involved in the said appeals was grain shipped from prairie points to points in British Columbia for use for feeding purposes, it being alleged that by a reduction in the rates of the lower grades of grain not only would an outlet be provided for a large quantity of grain which was not marketable under present conditions, but the development of the dairy and poultry industries of British Columbia would be greatly assisted.
>
> As a result of negotiations which took place with members of the governments of the provinces of British Columbia, Alberta, Saskatchewan and Manitoba during the period of the recent interprovincial conference, the representatives of the railway companies intimated that in order to assist in the movement of the lower grades of grain for the purposes outlined above, they would be prepared to put into effect tentatively substantial reductions in rates on the grades of grain involved. This offer has since been accepted by the governments of the said provinces as satisfactory to them.

Under that the rate was reduced from 41½ cents to 30 cents. British Columbia has sent representatives to appear before the railway commission, and has spent a considerable amount of money in paying these men, but despite those payments the only results which were ever secured were obtained at the time the late government held office. Credit for those results I believe must go to the Hon. R. J. Manion, then Minister of Railways and Canals.

Mr. HOWE: Does the hon. member say that is the only result that was ever secured? Does he not remember 1922, when the Rocky mountains were removed from the western rate structure?

Mr. BARBER: I am talking about domestic rates at the present time. The farmers of the Fraser valley did not benefit from that, but I admit that the port of Vancouver did. We are pleased to have had that, but we are now discussing a question of domestic rates. May I now refer to the appeal. I believe the hon. member for New Westminster (Mr. Reid) made application for the appeal. I find in the report this statement:

> Mr. T. Reid, M.P., made application dated May 30, 1934, on behalf of the Fraser Valley Surrey Farmers' Cooperative Association, for an order of the board directing the Canadian Pacific and Canadian National railways to establish the same rates on feed grains and mill feeds from prairie provinces to points in British Columbia for domestic consumption as are now in effect on grain and grain products from the prairie provinces to points in British Columbia for export.

In addition to the hon. member's application communications asking for reduction in the rates were received from the Fraser Valley Milk Producers' Association, the corporation of the district of Surrey, the hon. member for Vancouver East (Mr. McInnis), the Chilliwack board of trade, through myself, the Vegreville chamber of commerce and the council of the city of Vancouver. These applications were in favour of the reduction. Then we had others which were not so favourable. There was the corporation of Delta which had forwarded a communication opposing any reduction in rates on feed grain and mill feed from the prairie provinces to British Columbia owing to the fact that a considerable amount of grain was produced in the province, and that therefore the grain growers there would suffer. At that time, in 1933, they pointed out that in British Columbia a total of 6,161,000 bushels of grain was produced, of which there were 1,717,000 bushels of wheat, 4,507,000 bushels of oats and 307,000 bushels of barley. Then we

had further objections along similar lines from the Delta Farmers' Institute. Further, Mr. W. W. Southin of Ladysmith, British Columbia, stated that he had been in the poultry business for twenty years and he communicated with the board, opposing any reduction in the rate. The gentleman representing the province of Alberta advocated that the differential should be reduced to three cents over other rates. These are the points the board had to consider.

The hon. member for New Westminster, while representing an association of farmers also represented the province. I find these words in the report:

On July 24, the Attorney General of the province of British Columbia, advised that Mr. Reid, M.P., would represent that province in this matter.

The hon. member was retained by the province. The board claims that no new arguments were advanced, and at this point I should like to refer to one or two arguments the hon. member has raised. I believe he mentioned them on the occasion upon which he spoke a few nights ago, and they are worthy of some consideration at this time. The hon. member made a statement with reference to the shipment of grain to Japan, and return, for about twenty-five cents less than the rate to British Columbia. So that there may be no misunderstanding I shall quote the hon. member's statement before the board of railway commissioners.

In this connection, Mr. Reid stated (p. 1486): "There was a time last year when I believe we could have brought good Canadian wheat back from Japan to the Fraser valley at about twenty-five cents a ton less than the cost of inferior grades brought from a distance of 642 miles." The distance named is the Calgary-Vancouver mileage. The rate on what is termed inferior grades, namely, feed grain as described in the C.F.A. tariff No. 145, is 30 cents, or $6 per ton. The export grain rate is 20 cents or $4 per ton. Mr. Reid stated the average ocean rate, Vancouver to Yokohama, in that year was 6½ cents per bushel, or about $2 per ton, so that the cost to Yokohama would be $6 per ton—

Or exactly the same as it cost to land the grain in Vancouver. That is not taking into consideration that there might be another $2 on the return trip from Yokohama to Vancouver. Hon. members will see that in the argument advanced the other day the computation was not quite correct.

I believe the minister referred to the United States rate. The United States rates in the state of Washington, considered from the standpoint of our domestic rate, were a little lower, but in comparison with the new rate under tariff 145 the Canadian rate is still lower. I could go through these arguments for some time, but I will summarize briefly by stating that a man presenting the case for the farmers' association and representing the attorney general of a province should have had some new evidence before he appeared before the board. One argument he advanced was that the personnel of the board had been changed. It would appear however that the evidence was the same as had been filed, and that nothing new had been presented.

As I stated a short time ago the difficulty has been that this matter has been injected into the political arena. My first experience was in 1930 when the hon. member for Vancouver-Burrard (Mr. McGeer) who, I am sorry to say, is not now in his seat, came to my district and there secured a nomination from the farmer party and the Liberal party, no doubt expecting that if he could secure all the Liberal and farmer votes his opponent would have a very small chance of being elected. His main plank in that campaign was freight rates. He said, "I have served you well, and I am coming to you now and asking you to elect me as your representative that I may still continue to serve you." Cartoons were circulated throughout the district showing that Chinese and Japanese were having our grain delivered to them at a rate of twenty cents while the poor farmer in the Fraser valley had to pay 41½ cents. Well, Mr. Speaker, I find that the hon. member for Vancouver-Burrard did serve British Columbia about the year 1925 and perhaps part of 1926. Members here at the time very kindly handed over to him their files and all the information they had in order that he might carry on in the interests of our province. But he did not work for nothing, for I find according to a record which has been supplied me from Victoria, that at the conclusion of his services he presented a bill to the province for $89,307.49. His bill was carefully reviewed and he was allowed $62,723.23. When the farmers of my district found out that he had been well paid for his services they came to the conclusion that there was nothing more coming to him.

I do not blame the hon. member for New Westminster, but he also appeared here and was retained by the provincial government, and I find that the hon. gentleman was paid $380 for his trip to Ottawa. A question was placed on the order paper in the provincial legislature and I find, according to the votes and proceedings of the British Columbia legislature for February 22 of last year, that the

following questions were answered by the premier:

1. Is Mr. Thos. Reid, M.P., retained by the province as provincial representative in connection with freight rates or marketing questions, or either?

The answer to that question was "Yes." This further question was asked:

Has he been paid any sums; and, if yes, how much and on what basis?

The answer to that question was:

$380; procuring information, compiling data, stenographic services, telegrams, travelling and hotel expenses.

The hon. member for New Westminster came to Ottawa and as far as I could find out he delivered the same speech that he gave in the House of Commons, and he expected to get results from that.

The minister has suggested that the hon. member should very kindly withdraw this bill. I say to the minister and to the house that the people of the Fraser valley and of British Columbia expect some action from the government on this question. In the last four or five years during which this bill has been before the house it was supported to a man by the Liberal party. The Prime Minister (Mr. Mackenzie King) supported it; the Minister of Justice (Mr. Lapointe) supported it; the Minister of Trade and Commerce (Mr. Euler) supported it; indeed, every member who then sat on this side of the house supported the bill. They endorsed the principle that the Crowsnest rates should be extended through to the coast. Therefore, if the hon. member for New Westminster said in his riding, "If you will elect me and return the Liberal party to power you will receive the benefit of the extension of the Crowsnest pass agreement and an equalization of freight rates," I say he was warranted in making that statement because of the action of the Liberal party in the house, and I say, that the people of our district and of British Columbia are not going to stand for any suggestion that the bill be withdrawn.

The minister says that an appeal is pending before the privy council. The appeal before the privy council is of a wholly different nature. It is an appeal on the question of feed grains, another matter entirely; but this is an extension of the Crowsnest pass rates.

Mr. HOWE: My hon. friend is mistaken. It is an appeal on the domestic rate.

Mr. BARBER: I understood from the papers that it was as I indicated. At any rate the minister can very easily remedy that, instead of waiting like the government did in 1930 until the privy council disappeared and the appeal along with it. The minister could recommend the passing of an order in council dismissing the appeal and accept this legislation as a government measure, and that is what the people of our province expect.

In conclusion I want to say to the hon. member for New Westminster that the poultrymen generally throughout British Columbia are not worrying to-day so much about freight rates as over what is going to happen to their industry under this Canada-United States trade agreement, which I shall have an opportunity I hope of discussing in the near future. In the meantime they are looking to the government and to the party that supported this legislation for the last four or five years to come through now and make this bill law.

Mr. G. W. McDONALD (Souris): Mr. Speaker, I desire to speak very briefly on the motion now before the house. It means a great deal to the people in our part of the country. We have been passing through very severe droughts during the last five or six years, and have had to bring in a great deal of seed and feed grain. I know the railways give a very favourable rate on seed grain, and they reduce the rate by one-third on all feed grain, but the fact still remains that after cutting off one-third of the rate they have collected as much on the domestic rate as is being paid on the export rate. In the last few days, we have heard a great deal about the export rate and the domestic rate. My opinion is that the railways are giving a very favourable export rate for the purpose of encouraging the sale of our grain abroad. But would it not be just as laudable to encourage the consumption of grain within our own provinces?

I am rather in sympathy with the resolution moved by the hon. member for New Westminster (Mr. Reid). I know that the hon. member who previously occupied the seat I now occupy in the house moved that a duty be imposed on corn for the purpose of encouraging the home consumption of barley. It might be said that we would not use very much barley, but much more grain has been brought into our part of the country during the last six years than we have shipped out, and we have had to pay the domestic rate on the grain brought in. It is quite true that the farmers have been treated pretty liberally, the government paying two-thirds and the railway the other third, but altogether the railway possibly collected more money on the domestic rate than they would

have collected if the grain had been shipped out. It is pretty hard to make the ordinary member of the house who is not an expert on freight rates, and still harder to make the average farmer understand why we should have two rates for carrying the same commodity over the same distance, and in many cases the domestic rate is higher even for a shorter distance. We would like to have an opportunity to appear before the board of railway commissioners. I desire to put it on record that the people whom I represent wish to see the domestic rate done away with, and I believe there is some justice in that view.

Before this bill is withdrawn I would suggest that the government at least promise the hon. member for New Westminster that something will be done in the matter of freight rates because there is really not much use in referring the matter to the board of railway commissioners as, judging by past experience, we pretty well know beforehand, what sort of an answer we are going to get from them. The people of Manitoba, and I think the people of Saskatchewan and Alberta, believe this equalization of freight rates would be a very fine thing for the western provinces and for the railways themselves, because it must be remembered that raising the tariff does not always bring in a higher revenue, nor does raising the railway rates bring a higher revenue to the railways. Put the rates on the same basis and the railways will not be the losers; they will be the gainers.

Mr. THOMAS REID: (Westminster): Mr. Speaker, I have listened very attentively to the various speeches which have been delivered in connection with this bill which has been introduced into the House of Commons now for the fifth time. Before dealing with the remarks of the Minister of Railways (Mr. Howe), I should like first to deal with some of the remarks made by certain hon. members, particularly the hon. member for Fraser Valley (Mr. Barber). We have to-night witnessed the spectacle of a certain type of politician who during an election weeps crocodile tears for the people of his district and then when he enters the house evades giving the support he should give. On every occasion when I introduced this bill he stated that it was too bad that this matter was being dragged into politics, but he himself went around during the last election saying that reductions were necessary.

Mr. BARBER: Mr. Speaker, I rise to a point of order. Freight rates were never made an issue in my campaign until the hon. member injected it at the eleventh hour. I never made freight rates an issue during the election.

Mr. REID: I have never made in the house a statement that I have not been ready to substantiate to the limit, and I am ready to stand behind the statement I have just made. It is touching the hon. member pretty hard; the truth is evidently pinching him. He has always endeavoured to drag this matter down to the low depths of that political stuff which we sometimes come across in the backwoods.

Mr. BARBER: It could not be brought down any lower than the hon. member has brought it.

Mr. REID: The hon. member referred to the hon. member for Vancouver-Burrard (Mr. McGeer) receiving some $70,000 or $80,000 when the hon. member for New Westminster only received $380.

Mr. BARBER: And he made only one trip.

Mr. REID: I am glad the hon. member brought up this matter. I should like to point out—I want all the lawyers in the house to take note—that I believe I got better results for $380 than were obtained at the time the $70,000 or $80,000 was spent. I got two of the commissioners to support me, just a little more than was achieved in the previous appeals.

While we are on this subject we might as well clean up some other matters. During the last election I did not state that the Liberal government would put the Crowsnest pass agreement into effect. During the election I stated, as I have stated in the House of Commons, that if I was elected this would be the first bill introduced in the house, and there it is. I stated that I would keep on fighting until British Columbia got some measure of equality. Those are the statements I made from the beginning to the end of the campaign, and I repeat them here to-night. They are the very statements I made to the former Minister of Railways, Mr. Manion. The hon. member referred to the poultrymen not worrying. He will probably have something to say about the trade agreement. He is the type of individual who claims that the trade agreement signed by this country and the United States is the cause of the low prices being received for eggs because of the great influx of eggs from across the line.

Mr. BARBER: I deny that statement.

Some hon. MEMBERS: Order.

Mr. BARBER: On a point of order—

Mr. REID: Let the hon. member take his medicine.

Mr. BARBER: On a point of order; the statement made by the hon. gentleman is not correct. Before I left home I made no such statement with regard to the treaty. This remark is to be compared with many others the hon. member is making to-night.

Mr. REID: There were other remarks to the same effect, that the poultrymen were being hurt because this country had signed a treaty with the United States allowing the importation of eggs in great numbers. The week before I left for Ottawa I took the trouble to find out what was being done in the state of Washington. I discovered that eggs were selling for from three to four cents a dozen more than in British Columbia; that no eggs had come into the province and that if any did come in, they would have to be stamped—

Mr. BARBER: What about baby chicks?

Mr. REID: —yet the hon. gentleman makes remarks like those to which we listened a few minutes ago.

Mr. BENNETT: What has all this to do with the railway bill?

Mr. REID: I will take this up later on with the hon. member for Fraser Valley. He really had the temerity to deal with the remarks I made before the board. He stated that I had brought forth no new argument. Well, I wrote to him asking him to give me some help, as will be found in the records of the board of railway commissioners. I received no assistance; I was allowed to put up the fight practically all by myself, and without boasting, that fight was some fight.

Mr. BARBER: I was not retained by the province.

Mr. REID: The two railway companies should have had the hon. member for Fraser Valley in their employ. I made the statement then that we were able to buy good Canadian wheat and bring it from Japan at a lower cost than it could be brought from the prairie provinces. The railways could not overcome that argument because I had the shipping bills to prove my case. I was able to prove every point of my case, yet the hon. member ridicules a statement I made which the railway lawyers could not or did not care to dispute very seriously. I do not intend to use up all my time in refuting the hon. member for Fraser Valley because he stands refuted without any further statements from me.

I should like to deal now with some of the remarks made the other evening by the hon. member for Outremont (Mr. Vien), whom I was rather surprised to see entering the debate to oppose this bill. The hon. member is a former member of the board of railway commissioners, and I should like to deal with some of the remarks he made in connection with the bill. He stated that the rate was an export rate and that it was intended to help Canadian producers. What about the domestic producers? What about the producers of butter, cream, poultry and eggs in British Columbia? Are they not to be helped? I contend that it would be far better to help the domestic producer of bacon, eggs, poultry and other agricultural products rather than to ship our grain, including barley, to Europe and elsewhere and then have to meet in hams and bacon on the old country and other markets the competition of people who are able to procure good Canadian grain at fifty per cent less than the domestic producer has to pay. If export markets have been restricted during the last few years it is strange that no change has taken place in our policy in an endeavour to encourage domestic markets. Producers of poultry, eggs, butter, hams, bacon and so on should be given a better chance to compete, and with some degree of fairness and equity, against foreign competitors.

Then the hon. member said that we must distinguish between a paying and a losing rate. As I have previously stated, the railways have no expert capable of giving the cost of hauling grain. I challenge the hon. member for Outremont, as I did the lawyers before the board, to deny that the export rate to British Columbia is a paying one. If the railway companies can haul seventy or eighty million bushels of wheat at a paying rate, why then should the people of British Columbia be called upon to pay twice that rate? I asked them to produce figures to disprove my statement that it was a paying rate, but for some reason or another they did not do so. I then reversed the argument. I said: Assuming for a moment, which I do not, that it is a losing rate, is it fair that the people of British Columbia should be called upon to pay the deficit so that their foreign competitors may obtain grain at fifty per cent of the cost which we in British Columbia have to pay? I submit that it is most unfair. The statement was made before the board that they were accused of flattening out the Rockies. Well, a large proportion of our people to-day are still under the impression that when going into British Columbia you have to go up one side of a mountain and down the other, but I would point out that as a matter of fact we have in our province the finest railway grade in

the whole of Canada. The grade is one-half of one per cent over the Canadian National, and that railway can take sixty cars either into British Columbia or from that province into the prairies, whereas its competitor, the Canadian Pacific railway, is faced with an averaged grade of 2·2 per cent, a very heavy grade indeed, so that it can take only twenty-five cars as its limit.

If I might offer one suggestion in connection with a reorganization of the railways it would be this. If we are looking for economy and efficiency, I submit that in carrying freight, to the Pacific coast at least, the Minister of Railways should urge that it be carried by the railway that can carry it, and that is the Canadian National. As I say, they have a grade of one-half of one per cent and can take into Vancouver or New Westminster three times as many cars as the Canadian Pacific railway can. As a matter of fact, they could take more, but owing to an arrangement with labour or the conductors they have agreed to take no more than sixty at one time.

Can hon. members visualize what happens with grain going into British Columbia, a whole trainload of say sixty cars, with one engine and one crew? Maybe forty or fifty cars in that trainload are carrying freight at 20½ cents per hundred pounds, while the back portion of the train, consisting of cars of goods for consumption in British Columbia is charged 41½ cents. Is there any equity or justice in that? There is not. We have a case that cannot be successfully disputed, and in the few minutes that remain to me I will indicate the reasons why I hope and believe that the present Liberal administration will do far more than the last government did; for invariably their argument has been that the House of Commons is not the place to fight freight rates. They have contended that we should go before the board of railway commissioners. I am now going to read order in council, P.C No. 886, of June 5, 1925, issued by the last Liberal administration under the leadership of the present Prime Minister (Mr. Mackenzie King), giving directions to the board of railway commissioners to equalize freight rates. I think hon. members will agree with me, when I read this order in council, that its language is as plain as any could possibly be to the layman. But we all know what lawyers are and how they can twist words. That is no reflection on you, Mr. Speaker.

It will be remembered that in 1925 the Liberal administration of the day dealt with this matter in the House of Commons; it was not the board of railway commissioners that dealt with it. It is true that administration omitted to put into the amendment to the Railway Act the same provision with respect to grain going west as was made in connection with grain going east to Fort William; but having regard to that error, this is the direction the government of that day gave to the board, and I make the positive assertion that the board disobeyed the order of parliament. This is the order, and I would ask laymen at least among hon. members to pay particular attention to it; I should be afraid to ask lawyers to construe it, for I have had some experience with them:

> The committee are of the opinion that the policy of equalization of freight rates should be recognized to the fullest possible extent as being the only means of dealing equitably with all parts of Canada and as being the method best calculated to facilitate the interchange of commodities between the various portions of the dominion, as well as the encouragement of industry and agriculture and the development of export trade.

I will not read the whole of it; I will come to what I consider the meat of this order, so far as the adjustment of freight rates is concerned:

> The committee are further of the opinion that as the production and export of grain and flour forms one of the chief assets of the dominion, and in order to encourage the further development of the great grain growing provinces of the west, on which development the future of Canada in large measure depends, it is desirable that the maximum cost of the transportation of these products should be determined and known, and therefore are of opinion that the maximum established for rates on grain and flour, as at present in force under the Crowsnest pass agreement, should not be exceeded.

Now there is omission No. 1; the board did not obey that order, and they do not yet know what it costs to haul grain. Then further down:

> 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.

I do not know what plainer language could be written into an order than that—equal to all persons and localities, and as I have pointed out, over the Canadian National road into British Columbia we have the lowest grade on any portion of the railway system in Canada. That cannot be too often repeated. But even if it did cost the Canadian Pacific a little more, which I doubt, to build a railway into British Columbia—and

I know that they have in some parts a grade of 2·2—let me tell hon. members what that railway has received in return. It got a cash subsidy of $25,000,000; constructed railway including service, $38,000,000; cash in exchange for subsidy lands, $10,000,000, and 18,206,985 acres of selected lands valued at the time of earning at $27,310,000, making a total value of subsidies from the people of this country of $100,000,000. Inasmuch as they have been paid for constructing this line, why should they claim in perpetuity that they should receive more because their grade is 2·2? If they have been paid, why should there not be an equalization and why should they not give us in British Columbia the same benefit as they extend to other provinces?

I want to deal for a moment with one or two statements made by the Minister of Railways, and I am coming to his argument last. He said that in the United States there is no grade such as the Canadian National has—well, he did not mention the Canadian National. I would point out that in the United States there are heavier grades than the Canadian Pacific has to contend with, because the land in Canada slopes downward to the north pole, Edmonton being 1,800 feet lower than Calgary, and Calgary 1,800 feet lower than Seattle. The further south you go the higher the grade.

Mr. HOWE: I was speaking of grades of grain.

Mr. REID: I am sorry I misunderstood the minister; I thought he was speaking of grades on railways. To speak for a moment on rates, it is true that in the United States they have only one rate, but I doubt very much the minister's statement that it is equal to or comparable with our domestic rate. I have not the time to go into that, but I put the figures on record last session for the information of the then Minister of Railway, Mr. Manion, and I have them under my hand. I would point out to the minister that while they have only one rate from the wheat fields to the state of Washington, they carry all grain, bran, flour, shorts, or wheat at that rate, and it is lower, whereas in Canada, on grain going west, there is a temporary rate that applies only to feed grain, but on fifty per cent of the requirements of the poultry men and dairy men we are still called upon to pay 41½ cents.

The minister has appealed to me to withdraw the bill for the time being. This is a matter that is giving me a great deal of concern at the moment. I am not unmindful that, after all what I am after is results, not for myself but for the people of British Columbia; and as I pointed out, I intend to keep fighting this cause, because we have justice on our side. Not always does a person get results because he has justice on his side, but I believe we have a case that cannot be successfully refuted; certainly it has not been so far.

I am also not unmindful that in 1931, when I came to my first session of parliament, the position was almost the same. There was an appeal then before the governor in council, and I, coming into the house for the first time, placed a resolution on the order paper. The then prime minister, now leader of the opposition (Mr. Bennett) rose and stated, truly, I think, that his government had not yet had time to hear that appeal, and he asked me at that time if I would withdraw the resolution, promising, so he stated, that just as soon as parliament was prorogued they would give the matter attention. I, being in those days younger and more innocent, agreed to this. When I came back the following year the situation was exactly the same; nothing had been done. I was wondering, when the new minister of railways was making the same suggestion, whether I was going to be caught a second time, because "once bitten, twice shy." However, as the appeal to the governor in council at this time on behalf of the province has been lodged by myself I am inclined to do this, but I warn the minister and the government now that I am looking for some practical results, and I shall not be content if the suggestion by the minister is being made merely by way of a sop. This is the beginning of a new parliament. I expect far more results from it than I did from the last, because, as I stated, Mr. Speaker, invariably the party to your left have taken the stand that the matter is one for the board of railway commissioners, and I have pointed out that an appeal to that board is absolutely useless if we are to expect any results. So I have come to the highest court in the land, the court of the common people, to plead on behalf of British Columbia, and if I withdraw the bill for the time being it is with a view to getting action from the present government, and with the warning, not a threat, that if something further is not done they will certainly have a battle on their hands.

Mr. SPEAKER: I call to the attention of the house that the request of the hon. member for leave to withdraw his bill will require unanimous consent. Is it the pleasure of the house that the hon. member shall have unanimous leave to withdraw his bill?

Some hon. MEMBERS: Aye.

Some hon. MEMBERS: No.

Motion (Mr. Reid) for second reading, negatived.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

Civil government—External Affairs—
Salaries, including the appointment of L. C. Christie as counsellor at $6,000 per annum, $100,000; contingencies, $69,500.

Mr. CAHAN: On this item I should like to ask the prime minister when the white paper, so called, is to be brought down.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I had expected to be able to lay the white paper on the table of the house to-day. It is being translated into French, and I wish to table the French copy at the same time as the English. I think I can promise to give my hon. friend the white paper to-morrow, I hope, in both languages.

Mr. CAHAN: I also asked the other day that certain orders in council with respect to the enforcement of sanctions against Italy should be laid on the table. I have read the proclamations or copies of them which the Prime Minister laid on the table, and I find that some at least of these orders in council were passed under the provisions of the Treaties of Peace Act, 1919; at least it so recited in the proclamations. I call attention to the fact that under the Treaties of Peace Act, 1919, orders in council made pursuant to that act must be placed before parliament in the most expeditious manner as soon as parliament is assembled. So I think the right hon. gentleman will find that he will be derelict in his duty if he does not produce these orders in council forthwith.

Mr. MACKENZIE KING: I believe the orders in council will be found included in the white paper. It is quite true that a few days have elapsed since the opening of parliament, but I hope my hon. friend will realize that there have been a good many matters to which the government has had to give attention upon first coming into office. If in anything we have been a day or two late, I am sorry.

Mr. CAHAN: Will another opportunity be given to discuss the contents and other matters relevant to the white paper and the imposition of sanctions against Italy? I think this item should stand until the white paper is published so that we may have an opportunity to discuss that matter when the relevant estimate is before the committee.

Mr. MACKENZIE KING: May I suggest to my hon. friend that the relevant estimate would be the one referring to Geneva and to the League of Nations? Certainly there will be ample opportunity on that item to discuss the white paper and all matters incidental thereto. This item is simply for salaries of the Department of External Affairs and it indicates no increases over those presented under the regime of my right hon. friend (Mr. Bennett) other than such as may be of a statutory nature.

Mr. BENNETT: And Mr. Christie.

Mr. MACKENZIE KING: And Mr. Christie, yes.

Item agreed to.

Miscellaneous—battlefields memorials, $84,950.

Mr. CHURCH: What policy has the government regarding memorials on battlefields in Ontario? Large amounts have been voted for memorials around the city of Quebec. I do not object to that because they are valuable, but if one province has been overlooked since confederation it is Ontario and its historic places. Take the Niagara district, rich in history. Little or nothing has been done except for the erection of a few cairns here and there. Starting at the Niagara river at lake Ontario, what have you? Old Fort Mississauga, a heap of ruins. Near the steamboat landing is old Fort George, and the place where the first parliament of this country met at Newark, now Niagara. Further up the river are Queenston Heights and Lundy's Lane. But this district has been altogether overlooked. We need to take a lesson from the people of the United States in regard to preserving these historic places. Lord Macaulay in his History of England said in regard to memorials of the siege of Londonderry in the north of Ireland, as follows:

> The humble tombs of the . . . captains have been carefully sought out, repaired, and embellished. It is impossible not to respect the sentiment which indicates itself by these tokens. It is a sentiment which belongs to the higher and purer part of human nature, and which adds not a little to the strength of states. A people which takes no pride in the noble achievements of remote ancestors will never achieve anything worthy to be remembered. . . .

The battlefields of the war of 1812 are heaps of ruins, while just across the river at Fort Niagara in the state of New York, a

district visited by millions of people, we see what the United States government have done to the old fort on that side. Ontario is entitled to better treatment in this matter. I have every confidence in the new minister, because I know he frequently visits this district and the city from which I come. I raised this question in the house when I first came here in 1922 but there has been no improvement. On the United States side they have spent large sums of money at Fort Niagara and rebuilt the fort, and spent a lot of money on the memorials there.

There is a decrease of $1,839 in this vote. I venture to say that hardly a five cent piece has been spent in Ontario except for a few little cairns or slabs at about $1.75 a yard with a little inscription on them. That is not fair. In that same Niagara district there is Ridgeway where battles were fought in 1866, and in 1867 the Fenian raid. In the city I come from we celebrated last year the one hundredth anniversary of the incorporation of the city. Its first mayor was the grandfather of the present Prime Minister (Mr. Mackenzie King) who did much for responsible government in this country and reasserted the principles of magna charta, and the Prime Minister attended that centennial and did honour to the memory of William Lyon Mackenzie. I hope the day will come when there will be adequate memorials in Ontario, marking the events of the war of 1812, and in the prairie provinces for the Northwest rebellion and other historic events. I do not object to the money that has been spent on the battlefields around Quebec, but other parts of the country should have similar treatment. I hope the new minister will give this his consideration.

We are looking for tourists. When they come to Ontario, many pass through Fort Erie where an important battle was fought, and they see on the battleground there an ancient building covered with chewing tobacco advertisements. At Chattanooga in the south, in the valley of the Cumberland where Grant made his reputation there are about forty-six monuments on that battlefield about thirty miles long, where each of the states built a monument about the size of our Brock's monument. In the village of Chippawa what have we? I saw something in the newspaper recently about Laura Secord, and the shabby treatment of her portrait. In the village of Chippawa where the power canal has been diverted there is a little bit of a cottage on the south side of the street where she lived, but hardly anything showing that is where Laura Secord lived. The old home in the village of Queenston is nowhere, and at Queenston where William Lyon Mackenzie had a printing newspaper office, and where the first printing press was set up in upper Canada the building is a mass of ruins. You would almost think you were in Belgium during the war.

Last summer was the fiftieth anniversary of the Northwest rebellion. There are only a few left of the old boys who went to the northwest at that time, I think less than a score in Toronto of the Queen's Own, the Grenadiers and the Governor General's Bodyguard commanded by the late Colonel Denison. These men went out to the northwest in 1885 to prevent this country from being dislocated and dismembered, and to avenge the death of that great patriot, Thomas Scott. There was a meeting last summer in Winnipeg, but they could not get sufficient public support to send about two hundred men from Halifax, Montreal and Toronto to visit the old places. The battlefields of Cut Knife, Batoche and others should be marked out and preserved. These battlefields in our own country should be marked as well as the battlefields overseas. We are behind the times. We had many millions to spend on railways but apparently almost nothing for this purpose. I commend the work which the department has been doing; they have certainly done good work, but there should be equality of treatment for all the provinces.

I believe in a principle for confederation in the words of the old Cornish battle cry: Each for all and all for each. That should be the confederation battle cry for this parliament. Parliament is supposed to be a club where a member can express his views, whatever they may be. In my opinion the rising generation should be given a practical demonstration of the sentiment of preserving these historic places of interest throughout our country, I suggest that something of a practical nature should be done to commemorate Laura Secord, and that something should be done to restore the home where she lived in the village of Chippawa and at Queenston, and that section of the Niagara district, and to restore the ruins of the various historic places of the war of 1812-1814. We should have something to commemorate those people who did so much in the early days towards building up our country. I hope the minister, who has been in our section quite a number of times and has always been welcomed there, will see that something is done in the Niagara district in connection with this matter.

I commend the good work done by the battlefields commission at Quebec. The late Colonel Denison of Toronto was one of the first commissioners and was appointed by the Laurier government. In my opinion the work

which was done in Quebec should be extended to all the other provinces of confederation, where there are historic places connected with the early history of this country.

Mr. McIVOR: I am sure hon. members are in favour of honouring the battlefields, but so far as I am concerned may I say that I am more interested in the men who were spared to come back, some of whom have not enough to eat, or enough to wear, or a decent job. I am sorry we could not hear the hon. member for Broadview (Mr. Church) but when he turns his back upon one to speak, it is difficult to hear Undoubtedly we want to honour the battlefields, but it is more important that we have bread and butter and decent jobs for those men who risked their lives and who, upon coming back, cannot get the bare necessities of life.

Sir GEORGE PERLEY: I understand the Vimy memorial will be unveiled this summer.

Hon. IAN MACKENZIE (Minister of National Defence): Yes.

Sir GEORGE PERLEY: Would the minister make a short statement as to what the plans may be?

Mr. MACKENZIE (Vancouver): The amount of $25,000 is included in the present vote for the unveiling of the Vimy memorial on July 26. The departmental committee which has been working upon this has not yet concluded its arrangements, but it is intended to invite certain guests to go from England to France. I agree with the hon. member that the voluntary commission in Canada has done one of the most wonderful works accomplished by any public-spirited body in our history. This is the last of eight memorials now built in France. Canada has spent something more than $2,253,000 upon the building of these memorials, and I think it is only fit that when the last and greatest memorial of any kind in France is unveiled on July 26 we should have the cooperation of all parties in this chamber. My department would welcome suggestions from my right hon. friend or from any hon. member who may have suggestions as to the specific details of the dedication.

Mr. BENNETT: Has this anything to do with the vote concerning the memorial on the square here in Ottawa?

Mr. MACKENZIE (Vancouver): No, this memorial has to do with the European war, and the vote will disappear after this year. I believe an amount of $4,000 or $5,000 will be given to the Imperial War Graves Commission for the protection and preservation of these sites.

[Mr. Church.]

Mr. BENNETT: We have already completed our payment of the endowment for the purpose of maintaining the graves?

Mr. MACKENZIE (Vancouver): Yes.

Item agreed to.

To provide for the book of remembrance of members of the Canadian forces, and Canadians in the forces of the British Empire who lost their lives in the great war, $8,000.

Mr. MACKENZIE (Vancouver): There is an increase of $2,500 to provide for a lithographic reproduction of the book of remembrance, so that it, as well as the original book in the memorial chamber, may be available to the public. It is anticipated that the artist's contract will be completed in 1937, and the idea is to have a lithographic reproduction of the original book.

Mr. HEAPS: Some hon. members are not familiar with the work involved in the preparation of the book and do not know what the total cost is to be. Would the minister give that information?

Mr. MACKENZIE (Vancouver): The total cost of the book was $35,000. I believe it was carried out by James Purves, and I believe there is an advisory committee who up to the present time are satisfied with the progress of the work and the artistic nature of the work carried out.

Mr. REID: We should be very proud of our peace memorial in Ottawa. Any person who enters the chamber must feel impressed. Would there be any possibility of producing a book which could be secured at small cost by those of the public who visit the peace tower?

Mr. MACKENZIE (Vancouver): That is being considered at the present time.

Sir GEORGE PERLEY: Can the minister state how many names there will be in the book? I understood him to say that it would be finally completed next year.

Mr. MACKENZIE (Vancouver): Yes; the contract was entered into in 1932, and the estimated duration of the work was placed at five years. The work is up to date, and in round figures I believe there will be about 68,000 names.

Item agreed to.

DEPARTMENT OF THE INTERIOR

Expenses connected with the dominion observatory at Ottawa, $46,800.

Mr. BENNETT: Would the minister give particulars?

Hon. T. A. CRERAR (Minister of the Interior): The increase is due to the fact that one additional member has been taken on the staff, and also some new equipment is required in the seismographical work. During the past year considerable damage was caused to the seismographical instruments.

Sir GEORGE PERLEY: By the earthquake?

Mr. BENNETT: I guess it was about the time of the election.

Mr. CRERAR: Yes, I think it was due to the election.

Mr. HEAPS: Can the minister state what work is performed in the observatory in Ottawa?

Mr. CRERAR: I freely confess that this work, which is of a highly scientific nature, is a little beyond the range of my knowledge or experience. I may say however that the work has to do with measurements as to the positions of stars, and the relation of those measurements to measurement of time. Communications by radio are maintained with other observatories, and as a result we are able to have very accurate time. For instance, in Ottawa we have six hundred electrical clocks, three of which are in this chamber. It is important to have the correct time, otherwise the hon. member for Winnipeg North might lose some time in one of the speeches he makes to the house. Then, the observatory studies sun spots and their effect on climatic conditions and plant life. Recent theories of the physicists indicate that sun spots have a material bearing on mundane matters, and we in Canada wish to make our contribution to the study of these problems. Then, the seismographical branch does an important work; when earthquakes take place we are able to do our share towards ascertaining where they may be. Then, there is the abstruse problem of getting an accurate method of measuring gravity. What particular relation this has to the ordinary affairs of the country I am unable to say, but I believe it is of considerable importance.

Mr. MacNICOL: I could see the minister's lips moving all right, and I noticed that hon. members sitting around him were apparently enjoying what he was saying, but we could not hear a word of it over here. He likely gave a fair explanation of what this expenditure is for, but surely to goodness hon. members are entitled to hear what the minister has to say, and for my part I did not hear a word of it.

Mr. CRERAR: I am really very sorry if my hon. friend did not hear me.

Mr. MacNICOL: Well, it is no fault of my ears.

Mr. CRERAR: I am quite willing to take all the blame for the inability of my hon. friend to hear me, but if he will read Hansard to-morrow he will get a general idea of the work that is carried on in the observatory. I might remind hon. gentlemen that the observatory has been established for over thirty years.

Mr. HEAPS: The minister has shown a profound knowledge of all that is going on at the observatory. Although I noticed that at times he referred to his notes, still in spite of that he evidently knew something about gravity and the Einstein theory as well, and I observed how particular he was about stargazing. I suppose he was looking at his political stars more than at anything else.

Sir GEORGE PERLEY: Are the telescope and other mechanical devices at the observatory up to date as compared with the way in which similar work is done in other countries? I should like to know whether our observatory is able to perform the functions it ought to in assisting in general observations throughout the world.

Mr. CRERAR: I am informed that the equipment at the observatory at Ottawa is reasonably adequate for the work it is doing. As my hon. friend probably knows, in the Victoria observatory we have the second largest telescope in the world, although that will not be the case when the new telescope is presently installed at Mount Wilson observatory.

Sir GEORGE PERLEY: Does that mean that the work of this observatory is not as effective as it used to be and that it is giving place to the one at Victoria?

Mr. CRERAR: No.

Mr. SPENCE: Will the minister give us a detailed statement of how this money is going to be spent, how many employees there are, and so on? How many men are hanging around doing nothing?

Mr. CRERAR: I can assure the hon. gentleman that there are none hanging around doing nothing. There are seventeen of the staff of the observatory at Ottawa paid out of this vote.

Mr. SPENCE: I do not know what they can be working at.

Mr. STEWART: The minister said that in the interests of efficiency an additional employee had been taken on. May I ask what are his duties and when he was taken on?

Mr. CRERAR: The addition to the staff at the observatory is a young lady who was loaned in the first place from the statistical branch of the Department of Trade and Commerce. She has been at the observatory for a considerable time and is now being permanently transferred from the statistics branch to the observatory. I understand that she is highly efficient.

Item agreed to.

Dominion astrophysical observatory—
Expenses connected with the dominion astrophysical observatory at Victoria, B.C., $20,000.

Mr. PLUNKETT: Will the minister tell the committee who succeeded Doctor Plaskett at Victoria observatory and also explain the decrease in this vote? I understood the minister to say a moment ago that we had the second largest telescope in the world at Victoria, and one would think that this might necessitate a larger personnel.

Mr. CRERAR: Doctor Harper succeeded Doctor Plaskett. He was Doctor Plaskett's assistant at the observatory.

Mr. PLUNKETT: What is the reason for the decrease in this vote?

Mr. CRERAR: As my hon. friend will have observed the decrease is not very large, being $1,203. It is due to the fact that the new employees who have been taken on the staff have come in at the minimum salaries.

Item agreed to.

DEPARTMENT OF INDIAN AFFAIRS

To provide for expenses connected with the administration of Indian Affairs, including salaries, supplies, relief, medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, education, etc., and a grant of $100,000 approved by parliament in session of 1926-27, $4,241,100.

Mr. BENNETT: It is desirable that the minister should make as complete a statement as he can with respect to this whole Indian problem. I confess that during the last few years I have become considerably interested in it, and if the minister will take it up in detail and give us some idea of the present situation I think that would be appreciated by the committee.

Mr. CRERAR: I confess that my knowledge of the whole Indian problem in Canada is not as intimate as I could wish, but I might say in a general way that the Indian population in Canada to-day is about 112,000, and is increasing. The fact that it is increasing makes the Indian problem deserving of the attention of public authorities with a view to studying the best methods for bringing education to the Indians, making them self-supporting, and generally improving their situation. Undoubtedly a very large number of Indians are on relief at the moment. I am speaking from memory, but I think I am correct when I say that about one-third of the Indian population of Canada has been on relief for the last two or three years. The rather superficial study that I have been able to give to Indian problems since I took charge of the department has inclined me to the view that the administration is rather expensive; that it costs a considerable amount of money and probably might be improved in some respects. I hope to study this problem before I come again to submit estimates to the committee, if it is my good fortune to do so.

There are further problems in connection with education. In this connection we sometimes run into a rather delicate situation. It is sometimes found that two or three denominations are carrying on their good work in one community, and this ocacsionally creates a problem. There is as well the question of hospitalization. If we are to discharge our obligations to the Indians in this connection, this matter will stand a very considerable amount of study. There is the problem of bringing the Indians to a better understanding of the methods of the white man and his way of living. At times I do not think we have acted wisely in this respect. In western Canada and in some parts of Ontario there are Indians who are making substantial progress towards becoming self-supporting. This is being achieved mainly through agriculture, but in the more remote parts of the country trapping and fishing, the traditional occupations of the Indian, are practically his only means of support. Our Indians are scatterred from Halifax to Vancouver and from the international boundary to the Arctic circle and one realizes the magnitude of the problem when this vast area is considered. I do not know that there is much more that I can add to this statement.

Mr. TAYLOR (Nanaimo): Has the minister investigated the complaints I forwarded him in connection with the Indians around Duncan, on Vancouver Island? It is claimed that their habitations have not been repaired for many years, and some of these are definitely in an unsanitary condition. It is stated also that they are being fined for fishing within their own reserve.

Mr. CRERAR: I have not had an opportunity to look closely into the matters which the hon. gentleman has brought to my notice. However I assure him that they are not being overlooked.

Mr. TAYLOR (Nanaimo): I thank the minister for his evident intention to look thoroughly into this matter.

Mr. MacNICOL: Mr. Chairman, I was very glad to hear the minister say that he is going to look carefully into the whole question of the administration of the Department of Indian Affairs. On checking over the public accounts for 1935 I notice that there is a great variation in the cost of different services rendered to the Indians. I assume that the item for hospitalization refers only to Indians. There seems to be a considerable variation in the salaries paid to the doctors on the different reserves, as well as a difference in the salaries of teachers and other officials. I notice also that in every case there is a considerable amount of supplies. Upon looking over these items I can see a good deal in the old saying: Lo, the poor Indian. According to the 1935 figures, we spent approximately $4,000,000 on the Indians. According to the present estimates before the house—and I assume the same ratio would apply in 1935—the Indians are receiving about $250,000 in grants while salaries amount to a little over $800,000. There seems to be a great field here for the well known ability of the minister to bring about a real reform in the management of this department. I shall be very glad to support any recommendation he desires to make in an effort to see that the Indians get more of what is voted while the general cost is equalized.

Mr. CRERAR: I appreciate the reference the hon. member for Davenport has made to my ability and I shall certainly endeavour to exercise it in the administration of this department. I think I am correct in saying that twenty-five years ago the cost of administration in Nova Scotia—I do not take this province for any particular reason, but mention it merely because the figures happen to stick in my memory—was around $10,000 or $12,000 a year. To-day it is almost ten times that amount. Hon. members will note that this general vote covers salaries, supplies, relief —I have stated already that approximately one-third of the Indians have been on relief for the last two or three years—medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, and education. I am informed that forty-five per cent of the total vote is used for educational purposes. I think there is some room for improvement and I hope to be able to indicate this to the committee should it be my good fortune to be dealing with these estimates next year.

Mr. HEAPS: The minister has not told the committee the number of Indians who come under this item.

Mr. CRERAR: A little earlier I stated that the total number of Indians in Canada was approximately 112,000.

Mr. HEAPS: Would all the 112,000 come within the purview of the government?

Mr. CRERAR: Yes.

Mr. HEAPS: Is the number increasing or decreasing?

Mr. CRERAR: It is increasing. Practically the whole 112,000, I am informed, are under the care of the government.

Mr. BENNETT: The fact that the Indian population is increasing is in itself prima facie evidence that the Indians are being well looked after. Prior to a few years ago the Indian agents were not always medical men, nor are they yet; but an effort was made during the last regime to provide that if possible they should have some medical training. The result is, I believe, that this is the first time a report has been made to the house of an increase in the Indian population. My memory is that it was shrinking a few years ago; but during the last few years an effort has been made, whenever vacancies have occurred, to appoint as Indian agent, if possible, a medical man. As a result the children have been better cared for; tuberculosis has been brought under control; disease has diminished, and the habits of life of the Indians have improved.

I cannot speak of the Indians in the maritime provinces. The report I received with respect to them on one occasion was rather alarming, and a special effort was made to have some specific relief afforded them. They were in a rather bad way. In Quebec, apart from the large bands, there are small bands scattered over many sections of the province, and in Ontario, apart from the large reserves, there are numbers of bands of Indians. When we get into western Canada we find that usually they have excellent reserves. At Macleod the Bloods have a very fine reserve from which they receive substantial revenues. The Blackfoot Indians have sold large quantities of their land, sometimes by public auction and sometimes not, and considerable sums of

money have gone into their endowment fund. They have been greatly improved in their status during the last few years, for they have been fairly well to do. The Stony Indians, west of Calgary, are in a bad way. They are hunters and fishermen and during the last few years have suffered acutely. A good deal of money has been expended in improving facilities at Morley, and perhaps they are better off than they were a while ago. So far as British Columbia is concerned, reports from that province indicate that many of the Indians are in a pretty bad way, and a special effort was made to look after many of them.

I have been astounded at the enormous sums of money we have had to spend to accomplish the results. The year before last the situation was very acute, and when you realize that $4,000,000 has been spent on about 112,000 Indians, who themselves possess adequate resources in the way of reserves, I can only say that the closest supervision ought to be exercised over administration. I believe in many cases they get rations, and they have treaty money distributed to them under the terms of surrender they made to their interests in lands and the taking up of reserves. They have a certain sum in the way of treaty money, and then they have the interest on their own funds. I understand that they utilize their own funds for the construction of buildings.

One of the most difficult problems is that connected with education; I believe it is the outstanding problem in that regard. My memory is that the cost per head in connection with these institutions is what absorbs a very substantial part of this appropriation. That is a matter which perhaps can be carefully considered during the recess, but there are grave and delicate difficulties, as the hon. gentleman has said, by reason of the possibility of differences arising with respect to the religious denominations that should look after particular bands of Indians.

In the far north, most distressing tales came down two years ago of the condition of the Indians, and I hope that during this very hard winter they have not experienced the hardship they did that year; for in the western provinces, where the cold has been intense, the condition of the Indians in the last few weeks has been very trying. I think the relief measures afforded them have been as nearly adequate as possible.

Canada, I believe, has discharged its obligations to its wards about as well as has any country in the world, but during the last ten years there has been a decided increase in expenditures. The Indians have been receiving medical attention and care which they never had before, and with the rations they have received they have been in a much better position, very much better as a matter of fact, than have many other sections of our population. I realize the minister's difficulty, and it is only fair to say that he is not responsible for expenditures that have occurred during the last fiscal year; he is responsible only for the sums he is asking for and for the work that will be done during the next fiscal year under existing conditions. But what is the $100,000 for?

Mr. CRERAR: That, I am informed, is a special vote given British Columbia under some legislation passed in 1926-27.

Mr. BENNETT: I was trying to ascertain what it was for; I did not know whether it was for the extinguishment of rights in Kitsilano or not. Perhaps the minister recalls that.

Mr. CRERAR: I am informed that it is in lieu of treaty money. Treaty money is not paid to Indians in British Columbia and this $100,000 is in lieu thereof. I might say, to augment what my right hon. friend has said, that this winter has proved a rather severe one with the Indians, and expenditures for supplies in the way of rations, clothing and feed for stock have been higher than they have been in the past few years. That of course is unavoidable considering weather conditions that have prevailed in western Canada for several months.

In reply to the hon. member for North Winnipeg I might give the details of this vote. The administration cost is $622,000, a very slight reduction from last year. That includes administrative services and Indian agents throughout the country. Education is of course the big item—this year $1,691,000.

Mr. BAKER: Does the minister think we are getting results for that amount of money?

Mr. CRERAR: Frankly, I am not in a position to pass fair judgment on that question, but I may say that that is a reduction of $280,000 from the previous year. It was with some regret that I asked for this reduction. The representations made to me by those having to do with the education of the Indians were all to the effect that the vote should be increased and not decreased, but at any rate that is what it is for the present year. The medical services absorb

$861,500. Then aids to Indians in various ways, implements of production, all the aids to get the Indians established—and we have not succeeded—

Mr. BENNETT: Continue their establishment, I should say.

Mr. CRERAR: —in our efforts yet—accounts for $931,000. That includes houses and repairs to houses and all that sort of thing. Then there is a small vote for irrigation and roads and surveys amounting to $34,000. That, roughly, is the break-up of the item of $4,241,100.

Mr. HEAPS: How many children are being educated in the Indian schools?

Mr. CRERAR: I am informed that there are about 16,000 Indian youngsters receiving education at the present time in one form or another.

Mr. McCANN: Is there any attempt on behalf of the department to carry the education beyond the primary schools?

Mr. CRERAR: I am informed there is an effort, in this way, that an additional grant of $25,000 is given for the benefit of those Indian pupils who show exceptional capacity.

Mr. TAYLOR (Nanaimo): Is any attempt being made to train Indian girls as nurses in the hospitals in order that they may look after the sick of their own people?

Mr. CRERAR: That is being done. I am not at the moment prepared to give the number, but several Indian girls have qualified as trained nurses and are being used, mostly in the Indian hospitals.

Mr. HEAPS: I do not know whether the amount of $1,691,000 is too high or too low for educational facilities for Indian boys and girls, but it seems to me that the government is spending over $100 per annum for the education of each Indian child. That works out at considerably more than is being spent on education in the ordinary schools of the country. I think in our ordinary public schools this works out at about $50 or $60 per year. Can the minister explain why there is that great difference between the cost of educating a child in the ordinary city or town or village as compared with that of the Indian who is being educated in somewhat different surroundings?

Mr. CRERAR: Yes. The explanation is very simple. By far the greater number of Indian schools are residential schools. These youngsters come in from the reservations. They live in the school; they are fed and housed and educated there. Of course that type of education is much more expensive than that which obtains in, for instance, a city school.

Mr. PERLEY (Qu'Appelle): Can the minister give us a little information with respect to medical attention, more particularly as to any special work that is being done? How many doctors, for instance, are employed in this work in Saskatchewan, and what progress are they making with respect to stamping out tuberculosis, prevalent among the Indians?

Mr. CRERAR: I shall have to give the information later to the hon. member as to the number of doctors employed in the Indian service in Saskatchewan.

Mr. PERLEY (Qu'Appelle): I mean, in special work.

Mr. CRERAR: I could not say as to that. I may be able to get that information. On the other question raised by the hon. member as to tuberculosis, that is a real problem so far as the Indian population is concerned. Already I have had some correspondence with one or two of the provinces that are making efforts to stamp out tuberculosis among the white population in order to see whether the work they are doing cannot be related to the Indian population as well. That is a problem which must be studied. I recall that in one of the schools in an Alberta reserve we have no facility for segregating children who have tuberculosis in the incipient stages; at any rate the segregation of those children from the others is done in a very haphazard fashion. At the moment that problem is engaging my attention.

Mr. DONNELLY: What percentage of the schedule of medical fees is paid for surgical operations, or is the full schedule paid?

Mr. CRERAR: Where special surgical work has to be done the fee paid to the doctor performing the operation is based upon what the workmen's compensation boards in various provinces allow for similar operations, or in some cases the fees are taxed by the department of health. I think I can assure the hon. member that the department is doing everything it reasonably can to protect the public interest in that regard. That was one of the matters I went into very early in my experience in the department.

Mr. TAYLOR (Nanaimo): Has it been found possible to police the reserves with Indians rather than white policemen?

Mr. CRERAR: I am informed that the policing of some of the reserves in some of the minor work is being done in certain cases by Indians. That is a question which requires some study and, of course, some care. On the general principle of the matter I should say that to as great a degree as possible the Indians should be made self-supporting in the matter of policing, as in everything else.

Mr. WOOD: Are the band funds or the endowment funds included in that appropriation of four millions odd?

Mr. CRERAR: This is an appropriation by parliament for the maintenance of this work in all its varied aspects for the coming year, and it does not include expenditures from the band funds.

Mr. SENN: Are all the funds for educational purposes voted by parliament, or do some of the funds come from funds of the bands that are held in trust by the government?

Mr. CRERAR: I understand none of the band funds is used anywhere for educational purposes. Sometimes the increment of these funds is used for building houses and for improvements on the reserves, but not for education.

Mr. WALSH: Are there any special classes on the reservation such as are established under our regular school system for retarded children, or any vocational schools or technical classes or anything of a specialized nature?

Mr. CRERAR: I understand that many of the schools teach some handicrafts, but I do not know of any special classes for, shall I say, Indian children of low intelligence. There are none of those schools.

Mr. WALSH: Are all the teachers engaged by the government qualified teachers?

Mr. CRERAR: I am informed that the teachers are practically all qualified teachers. There may be one or two who have been teaching for many years who are not qualified, but they are practically all qualified teachers.

Mr. WALSH: If there are any unqualified teachers does the minister not think, in view of the condition that prevails in the teaching profession at present, this is an opportune time to replace them by certified teachers?

Mr. CRERAR: There are a few missionary teachers who have devoted practically all their lives to welfare work among the Indians, and they are continuing in the spheres in which they have lived and carried on their work. The others, as I have intimated, are qualified teachers.

Mr. WALSH: What is the average salary paid to teachers engaged by the government for this work?

Mr. CRERAR: I do not think I could give the average. That would involve a mathematical computation which at the moment I am not in a position to have made. These salaries range from $800 up to $1,000 per annum and perhaps in a few cases beyond that.

Mr. SENN: I wish to draw to the attention of the minister what I consider to be rather an injustice on a certain reservation in Ontario. A number of Indian children are attending secondary schools, and the cost of their instruction in those schools is paid, I understand, on an attendance basis. In the same reservation are two or three clergymen who have children who are desirous of attending high school. But unfortunately the high school is in another county; the band is not willing to pay for their tuition; the Indian department up to the present has not been willing to do so, and because that particular locality does not pay any taxes to the county it is not willing to pay for their tuition. The result is that the children are unable to attend high school, as the father who is a missionary is unable to pay. I think I brought the matter to the attention of the department once before, without any result. I would ask the minister to give it his serious consideration, because a hardship is being worked on the children of missionaries who are endeavouring to carry on in that reservation.

Mr. CRERAR: This is the first intimation I have had of the problem to which my hon. friend refers. I shall be very glad to get the facts of the matter and, if there is any injustice, see whether it cannot be corrected. I understand the hon. member is referring to children of the missionaries?

Mr. SENN: The children of white missionaries. They are not receiving any tuition simply because the band funds are not available, the government grant is not available and the county in which they reside is not willing to pay for their tuition.

Mr. CRERAR: May I ask how many children are involved?

Mr. SENN: Only two that I have knowledge of. There are two missionaries in that

reservation. The matter was brought to my attention some two or three years ago. I cannot say now just how many children there might be, two or three anyway.

Mr. CRERAR: I shall be glad to have my officials look into that matter and give me a report on it.

Mr. GREEN: What is the approximate number of whites engaged in this work with the Indians, and what are the types of work?

Mr. CRERAR: I assume the hon. member means in the total administration in Canada?

Mr. GREEN: Yes.

Mr. CRERAR: Between 900 and 1,000 regular employees, I am informed. That includes teachers.

Mr. GREEN: And the types of work they do?

Mr. CRERAR: They vary. Some are doctors, some nurses, some school teachers, some farm instructors, some Indian agents supervising the reserve they have charge of, and I daresay there are several other categories if I could think of them.

Mr. BROOKS: Is there any system of compulsory education for Indian children? I notice that a good many Indian families wander about the country during the school year and the children do not seem to be at school.

Mr. CRERAR: My deputy informs me that the Indian Act provides for a measure of compulsion in regard to the education of Indian children, to what extent I regret I am not at the moment able to say. But the fact that the Indian population in Canada is roughly 112,000, and that more than 16,000 Indian children are attending school, is, I think, a pretty fair indication that their educational needs are not suffering badly.

Mr. McNIVEN (Regina): Is any sum provided in this vote for the new Indian school at Lebret and the new Indian hospital at Fort Qu'Appelle? Could the minister also tell us the cost of the new school at Lebret and also of the Indian hospital at Fort Qu'Appelle, for both the erection of the buildings and the furnishings? Further, I should like to know what accommodation there is at the new Indian school at Lebret and at the hospital at Fort Qu'Appelle.

Mr. CRERAR: I am informed that the school cost approximately $200,000 and the hospital building approximately $100,000. In addition to that sum a further amount will be required for the hospital to equip it with beds and blankets and the sort of things that are required in a hospital.

Mr. McNIVEN (Regina): What accommodation is there for pupils in new Indian schools at Lebret, Saskatchewan?

Mr. CRERAR: Accommodation for 250 children.

Mr. McNIVEN (Regina): How many are there now?

Mr. CRERAR: The new school is not opened yet.

Mr. WOOD: I was not expecting that this vote would be considered to-night. I am sorry I have not before me the information I should have liked to present concerning the Six Nations Indians who happen to reside in the constituency I have the honour to represent. Of the 112,000 Indians in Canada 5,000 live in the reserve adjacent to the city of Brantford, and in the constituency of Brant. In my view they should not be classed with the average Indian of the dominion, when we learn that about thirty-three per cent of the Indians are on relief. From a conversation I had recently with the superintendent at Brantford I learned that of the 5,000 Indians in the Six Nations reserve only eighty-one are on relief. That would seem to indicate that they are capable in the discharge of their duties and are able to take care of themselves. For those reasons they have advanced more than many others of the aborigines of the dominion.

I believe that until about three years ago they administered their own educational system, but for some reason or another that privilege was taken away from them. I have not been able to ascertain the reason. The department gave the excuse that they had appropriated the whole of the education of Indians on reserves, and that because of that they must take away from the Indians the administration of their schools. In passing may I observe that the Indians built their own schools from their own band funds, and prior to that time had contributed about half of the cost of their own education. They enjoy a reasonable amount of autonomy due to the fact that they elect their own council, and it seems to me it was most unfortunate that the Indians were deprived of a degree of autonomy which, by virtue of their advance, we had the right to encourage them to go further; we ought to give them more autonomy and more control over their affairs, in so far as they are able to manage them.

In that way we shall make good citizens of them.

In the few moments I shall speak—and I shall not take too long—may I state that the Indians on the Six Nations reserve are in a somewhat different position from that of the average of the aborigines of Canada, because they compare very favourably with our United Empire Loyalists. An agreement was made between Captain Joseph Brant and the British government whereby he would extend his loyalty towards the British at the time of the American revolution. The loyalists were granted certain concessions if they would remain true to the British crown. They came to Canada and were granted a piece of land extending six miles on either side of the Grand river, from its mouth to its source. They did not need all that land and for that reason they sold a portion of it. The money was set aside and was held in trust in Canada as a trust fund for the maintenance of the Indians. This was a good business proposition, and I believe we have every reason to commend the Indians for their astuteness in having a bank account. I only wish the government had as good a bank account as have those Indians, because if that were so we would be in a much better position than we are in to-day. The matter upon which I am speaking has been a perennial subject. I believe my predecessor, Mr. Smoke, described conditions possibly better than I am in a position to do, because I know he has made a study of the subject. At the present time I am going through eighty-six pages of legal phraseology. So far I have gone only about half way through, but it has been my endeavour to learn the history of the Six Nations Indians.

Mr. BENNETT: Read Mr. Smoke's speech and you will get the story.

Mr. WOOD: Yes, and I commend Mr. Smoke for his approach to the subject. Unfortunately I have not been able to get all the facts in the short time I have had at my disposal, but to the best of my ability I have endeavoured to do so in my own way. For that reason I shall not go into detail, because I do not wish to misplace the ancient characters, or to put them in a wrong light.

It seems, however, that about one hundred years ago a scheme known as the Grand river navigation project was devised. It was incorporated in 1832. Trustees were empowered to enter upon the crown lands, or the lands belonging to the Six Nations Indians, after making compensation. The funds belonging to these Indians were at that time held by trustees. In 1832 the Hon. J. H. Dunn, then Receiver General of Upper Canada, had charge of the public moneys of the then province. He was an active exponent of the policy of canal construction, and held the office of president of the Welland Canal Company. The Grand River Navigation Company acted more or less as a subsidiary and was to supply the water to the Welland canal. By virtue of that arrangement the two companies worked together.

Mr. Dunn filled the further position of trustee of the Six Nations Indians. He appears to have taken a most active part in their money affairs. On April 3, 1834, an order in council was passed stating the Indians desired that their moneys invested in British funds should be transferred to Canada to be invested in provincial debentures or other government securities. I shall not go into details as to the ramifications of the charters or supplementary letters patent, in view of the various changes in the financial structure, but briefly I would state that they did get a promise from Sir John Colborne, the then Lieutenant Governor of Upper Canada, to assist them in an endeavour to form a company to permit trade in western Ontario via the Grand river. He was successful in getting sufficient interest among men who had money to invest to organize the company.

As time went on the Buffalo and Goderich line was built, which was another change that took place in the transportation system, thus impairing the possibilities of the Grand River Navigation Company. The competition of the railway would largely impair the possibilities of the canal. These men found that they were going to be left in a precarious position. For some reason, of which at the present time I am not aware, they wished to withdraw their obligations and pledge to Sir John Colborne and, to make a long story short, those who were responsible substituted the Indian funds to purchase stock, and put those funds into a precarious investment.

The association of the Receiver General with the Grand River Navigation Company placed the government in a rather unfortunate position, for it meant that they were investing funds which they held in trust for the Indians in a company in which some of them were personally interested. You will see, Mr. Chairman, that the security of the funds of the Six Nations Indians was thus jeopardized, and the Indians in consequence feel that they have been more or less exploited through this scheme of organizing a joint stock company and investing it in their funds which were held in trust for them by the government of the day. Whether the powers of a trust company had been defined at that time or not, it is

not lawful, as I understand the matter, for a trustee to invest in a joint stock company funds committed to his care.

It might be said that all this happened one hundred years ago and that we have no obligation to-day. While there may not be a legal obligation—and I cannot speak as to that—undoubtedly there is a moral obligation, and that moral obligation was incurred through the filching from the coffers of the Indians of this $160,000 of trust funds which belonged to the Six Nations. I do not say that this was done with dishonest intent; it might have been done with the intention of serving a good purpose, but the unfortunate point is that the money was held in trust for the Indians and the government had no right to invest it in a joint stock company.

Mr. CRERAR: When did that happen, may I ask?

Mr. WOOD: It happened somewhere around 1834, and thirteen instalment payments on the stock were called for down to August, 1841. About £25,000 had been paid from the Indian funds through disposing of British consols in which the Indians' funds were invested at that particular time. All the interest on these British consols which should have been paid to the Indians each year was absorbed in paying up these instalments on the stock as fast as the instalments were called for. The payment from the Indian funds began in 1834. I might just quote from the order in council of January 16, 1840:

> The council beg to state, for the information of Your Excellency, that the investment of the money of the Six Nations Indians, in the stock of the Grand River Navigation Company, took place by authority of Sr John Colborne, upon the recommendation of the trustees of the Six Nations.

And he was president of the Grand River Navigation Company. I leave the house to deduce the motive. The order in council continues:

> Their Excellencies Sir Francis Head and Sir George Arthur alike objected to the investment, but before the assumption of the government by Sir Francis Head the chief part of the money had been already invested, liable to forfeiture, in case the further stock should not be paid in.

These Indians are advanced. They are conscious of the unfairness of misappropriating their funds, and I think they are quite within their rights in their demand. I live within two miles of these Indians; I know their habits and the progress they have made. They have advanced, and many of them can take their places among the citizens of this dominion in the various professions and other walks of life. Many of their young women are qualified school teachers, and many of their young boys and girls are attending secondary and high schools in the community. I am speaking only of the Six Nations Indians because those are the ones I know, and I would urge upon the Department of Indian Affairs the granting to the Indians of more autonomy in keeping with the progress they have made.

I think a great mistake was made when control of their schools was taken away from them. This was a discouragement to them. I do not know what the purpose was, but it happened somewhere around 1932. I know it is nauseating to the Indians who are interested in their own welfare to have some school teacher hired from the outside come in and teach their children when they have young lady teachers of their own quite capable of performing those duties. What the motive was I do not know, but to me it savours of a little bit of politics. There may have been some good friends who wanted certain things done.

Let me mention the case of a young Indian just north of Brantford who asked for his enfranchisement. He had received a very good education and then became enfranchised, and by virtue of his enfranchisement he was upon assuming Canadian citizenship to all intents and purposes a white man. He was a good Conservative, and he was appointed to an Indian school. He had a splendid son, a brilliant chap, who I believe has won his B.A. degree, and the son was engaged last summer to take one of the other schools. I believe it would be wise for us to give back to the Indians the right to administer their own schools. They do not take kindly to our administration of them. They are honest, industrious citizens, interested in their own welfare, and they do not take kindly to the government selecting people, just because they happen to be of a certain political complexion, to come in and teach in their schools, particularly when they have young people of their own who are qualified to teach in those schools.

In conclusion, I would ask the Department of Indian Affairs to give serious consideration to this claim of the Six Nations Indians to the sum of $160,000 of their funds that was taken away from them by the action of the receiver general, in a breach of trust. I believe the Indians will be very glad to receive the interest upon that sum and to assume greater obligations providing they are granted more autonomy and are given a more important voice in the administration of their own affairs.

Mr. CRERAR: I am afraid that the claim of the Six Nations Indians, a claim that originated over a hundred years ago, to $160,000, with accumulated interest, is one that the government could not entertain. I do not know the merits or demerits of the claim that the hon. member for Brant has put forward. Since this question originated 102 years ago or thereabouts, the federal government as we know it to-day cannot be responsible for the matter. If my memory of history is correct, this happened during the time when Upper Canada was still being governed as a crown colony. The hon. member spoke to me some little time ago about this question, but I have not had an opportunity of going into it. I am afraid I cannot hold out any hope that we will meet a claim, which originated over 100 years ago for $160,000 with interest to date. I am afraid that a serious consideration of such a proposal would send my colleague, the Minister of Finance (Mr. Dunning) to the hospital.

There are some 6,000 Indians in the reserve to which my hon. friend refers. From information I have been able to obtain, I understand they have done remarkably well. There is a question whether the Indian Act, which after all is the act under which matters pertaining to the Indian population of Canada are administered, comes into conflict with the suggestion he makes. At the moment I cannot pass any critical judgment on his request. My information is that the majority of the teachers in the schools on the Brant reserve are of Indian origin. My hon. friend shakes his head. Perhaps my information is incorrect, but I understand that at any rate a number of the teachers have been trained from Indians who have been pupils in the years immediately past. It is desirable as a general rule that the Indians should be made as independent as possible of outside assistance. No one would have greater pleasure than I if the Indians throughout Canada could attain a position whereby they would be not only self-supporting but able to look after such matters as education and other things as their white brothers do.

Mr. CLARK (York-Sunbury): I am very much interested in these Indian reserves and I was pleased to hear the minister so sympathetic toward and so willing to investigate the Indian problem. I have known many Indians for many years and at times I have been ashamed of their treatment by the Indian agents. More attention should be given to the employment of these agents. Only those who have a certain sympathy for the Indian, who would not have a disposition to exploit them, who would desire to help them, should be employed in this capacity. I recall having employed an Indian guide who was a fine type of man, but I found out that his relatives were being treated very unfairly by the Indian agent.

Mr. SENN: I listened with considerable interest to what the hon. member for Brant (Mr. Wood) had to say about the funds which were invested in the Grand River Navigation Company. A part of this reservation is in my own riding and I know the Indians feel very strongly on the matter. I do not intend to carry this matter any further as the minister has given his answer. I was also interested in the allegation of the hon. member that political interference was present in the appointment of teachers on the reservations. I have had many interviews with the Indians about this very matter. Prior to the change which took place in 1932, as described by the hon. gentleman, there was considerable jealousy and quarrelling among the Indians as to who should teach in their schools. At that time the appointment was made by the Indian council and it often became a matter of politics within the reservation. From time to time the personnel of the council would change, and teachers were changed to suit the opinions of those newly elected. I believe this was one of the reasons why the change was made giving the Indian department the appointment of teachers.

Mr. WERMENLINGER: What amount in this item will be used for the construction of dwellings? Will this cover repairs to dwellings and the construction of new buildings? What amount is to be spent in the village of Caughnawaga for this purpose? This village is just across from Verdun on the main highway to the United States by way of Malone and I think it is important that it should present a good appearance. I should like to know what amount is to be spent.

Mr. CRERAR: I have not the amount for Caughnawaga. The total amount for dwellings is $19,350, but the hon. member will bear in mind that that covers the whole vote.

Mr. BENNETT: The whole of Canada.

Mr. CRERAR: The whole of Canada. I am not at the moment in a position to say what portion of the vote will be applied to Caughnawaga.

Mr. BENNETT: That would be exclusive of band funds.

Mr. CRERAR: That is exclusive of band funds.

Mr. WERMENLINGER: Would that be for new dwellings?

Mr. POTTIER: How many Indians are there in Nova Scotia?

Mr. CRERAR: Approximately 2,000.

Mr. DUPUIS: The hon. member for Verdun spoke of the reserve at Caughnawaga.

Mr. LAPOINTE (Quebec East): The hon. member is no longer there.

Mr. DUPUIS: No; I was disfranchised by the previous administration and forced to move eastward. Nevertheless I take an interest in Caughnawaga and I notice that the leader of the opposition has still a weakness for it. I daresay he recalls his last visit there. In that reserve, which is one of the largest in Quebec, the Indians have a territory of approximately 11,000 acres of good farm land which is practically without cultivation except by white people who rent the farms. Very often we have requests from these white people, who are on the reserve with the permission of the Department of Indian Affairs, to investigate complaints they make to the effect that they are not being well treated. In some instances these white men are barely tolerated on the reserve, and not being able to get work they are on relief. They have not the means of supporting themselves and they are in a peculiar position. Though they live on the reserve, the Department of Indian Affairs is not obliged to make provision for them, and the provincial government, under the relief laws, is not bound to support them. They are therefore left without support.

It is a matter of importance for the department to come to the rescue of these white men in view of the fact that the department itself allows them to live there. A considerable quantity of land there has been abandoned, and I suggest to the government that it would be wise to look into the situation and see whether it would not be better to allow these Indians to sell this very important piece of land, either by auction or otherwise. It is important inasmuch as it is near so large a centre as Montreal, and the Indians are not inclined to cultivate it. They are rather inclined to specialize in hazardous work, such as employment in connection with the Dominion Bridge Company or other steel works. This is their only occupation, and if the Department of Indian Affairs were allowed to sell this large area the amount derived from its sale could be used for the benefit of the Indians themselves and would assist the department in the administration of the reserve.

I make this suggestion to the department in good faith, hoping that they will take action. As the hon. member for Brant stated, the Indians of Caughnawaga generally speaking are likely to attain the same level as the so-called civilized white man, and I think if they were given more freedom, if they could inspire the government with a little more confidence and were allowed to sell their land on certain conditions, within a few years this large area of good land could be disposed of, one farm after another, so that the people in the surrounding district might use it for farming purposes.

Mr. BENNETT: How many Indians are there?

Mr. DUPUIS: Around 3,800.

Mr. CRERAR: Less than that; a little under 3,000.

Mr. DUPUIS: As matters stand now, it would cost the Department of Indians Affairs a considerable sum to take care of these Indians properly from the point of view of education and hygiene. For the most part the village is built on rock, so that the construction of sewers and a water system would cost a great deal; the department would have to spend too much. For this reason, indicated by the officials of the department when I investigated the matter, the inhabitants are unable to follow the rules of hygiene, and the doctors themselves say that in Caughnawaga some of the diseases that are prevalent on the reserve are undermining the health of the population. I believe the population of this particular reserve is diminishing, owing to the fact that at present the department is unable to give the Indians the legitimate attention they should receive.

If the government would accept this suggestion and allow the Indians to sell their farms, retaining the proceeds at their disposal, the majority of the Indians would follow the ordinary pursuits of life, while those who preferred to retain their status could be more easily taken care of.

Another aspect of the question which interests me is hospitalization. If it is as it was when I was member for Laprairie-Napierville, they have an old building as their hospital which is far too small for the needs of the reserve. If the department were to spend the amount required for that purpose the cost would be considerable, because I think it would have to erect a new building. I

do not want to embarrass the minister. I make this suggestion only with the hope that the department will study the necessity of applying this policy. But may I know from the minister how much money has been voted this year for Caughnawaga, and especially how much is going to be applied for the hospital and for education?

Mr. CRERAR: So far as disposing of a part of the reserve for farming purposes to white men, as the hon. member suggested, is concerned, it is necessary in all cases to get the approval of the band to the surrender of any of their property. I am not entirely familiar with conditions surrounding such a surrender in Quebec, but I understand that the point arises that if a surrender is made it has to be made to the crown.

Mr. DUPUIS: I think the provincial government, if the question were stated seriously, could enter into an agreement whereby if the land is to be abandoned by the Department of Indian Affairs it would not revert to the crown as represented by the provincial government, but the Quebec government could come to an agreement allowing the Department of Indian Affairs to sell that land. I know this question involves some difficulties which were not solved in the past, but I discussed this matter with the provincial government some years ago, and if my memory serves me aright, I believe a solution of the problem can be found.

Mr. CRERAR: The consent of the Indians would be required to any transaction of that kind. With regard to the other point that my hon. friend mentioned, namely, the presence of white people on the reserves, that presents a rather difficult problem. It has occasionally happened that a white man has married an Indian woman of the reserve. He may die, and then the Indian woman, who has taken the status of her husband, may with her children return to the reserve. Under the Indian Act they are no longer Indians, but of course they are living on the Indian reserve, and the practice, I am informed, has been to supply them with relief where that is necessary. This is one of the problems that arise perhaps inevitably in the administration of Indian affairs. I shall be very glad to keep in mind the observations made by my hon. friend. I am sorry to say that I am not in a position to state just how far we shall be able to go in meeting his wishes.

Mr. SENN: Referring again to the question of money that was invested by the crown some years ago in the Grand River Navigation Company and which belonged to the Six Nations Indians, I discussed this matter at one time with a former Minister of the Interior, the Hon. Charles Stewart. He told me at that time that in lieu of this, the government had been granting some ten thousand dollars annually for the upkeep of the roads on this reservation. Is that item of ten thousand dollars included in this item?

Mr. CRERAR: I am sorry that at the moment I cannot give a definite answer to my hon. friend's question. My deputy tells me that some special grants are given to this reserve. Whether or not one is given in consideration of a claim which they believe they have against the crown, and to which the hon. member for Brant has referred, I cannot say.

Mr. SENN: I should not like the minister to have the impression that I said "in consideration of this claim"; the amount was rather as a satisfaction to them in lieu of the claim itself. I know this money has been expended, and very well expended, on the reservation for the past few years in the building of roads, although the roads are not nearly completed, and I suggest to the minister that the grant should be continued if possible.

Mr. CRERAR: We shall have that under consideration.

Mr. LOCKHART: Do I understand the minister to say that compulsory education is definitely established on the Indian reserves as well as in other public school systems in Ontario or the dominion? I could not catch his answer because of interruptions. I am referring to compulsory education.

Mr. CRERAR: According to the information I have, it was intended under the Indian Act that educational facilities should be made available to Indian children as far as possible, and that where they were available the Indian children should take advantage of them. In that sense there is a limit to compulsion. But my hon. friend probably knows that in attempting to enforce compulsory education, even in ordinary white communities, certain difficulties are encountered. In Indian communities those difficulties are not less; perhaps they are increased.

Mr. LOCKHART: Is the adolescent age still applicable to Indian children the same as it is in other communities? The adolescent age is sixteen years.

Mr. TAYLOR (Nanaimo): May I ask whether there is any allocation of that nineteen thousand dollars plus for the building and repair of houses in the Cowichan reserve?

Mr. CRERAR: I cannot say at the moment. If the Cowichan reserve deserves some of the appropriation it is probably getting it.

Mr. BRADETTE: There are two problems I want to bring to the attention of the Indian department. One is connected with the extension of the Timiskaming and Northern Ontario railway from Cochrane to Moosonee. That has created a new situation.

Some hon. MEMBERS: It is eleven o'clock.

Mr. BRADETTE: I was asking the indulgence of the house. But I am satisfied to let the matter go.

Progress reported.

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

Wednesday, February 26, 1936

The house met at three o'clock.

LIBRARY OF PARLIAMENT

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

That a message be sent to the Senate to acquaint their honours that this house has appointed the Hon. the Speaker and Messieurs Blackmore, Blair, Blanchette, Bouchard, Cameron (Hastings), Chevrier (Ottawa) Duffus, Emmerson, Hyndman, Johnston (Lake Centre), Lennard, MacKinnon (Edmonton), MacNeil, Macphail (Miss), Mallette, Parent (Terrebonne), Raymond, Reid, Rennie, Walsh and Winkler a committee to assist His Honour the Speaker in the direction of the library of parliament, so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a joint commission of both houses on the library.

Motion agreed to.

PARLIAMENTARY RESTAURANT

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

That a message be sent to the Senate to acquaint their honours that this house has appointed Messieurs Baker, Bertrand (Prescott), Fafard, Howard, Howden, Landeryou, MacInnis, MacMillan, Macphail (Miss), McLean (Simcoe), Mills, O'Neill, Purdy, Rhéaume, Roberge, Sinclair, Spence, Taylor (Norfolk), Tustin and Veniot a committee to assist His Honour the Speaker in the direction of the restaurant, so far as the interests of the House of Commons are concerned, and to act as members of a joint committee of both houses on the restaurant.

Motion agreed to.

PRINTING OF PARLIAMENT

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

That a message be sent to the Senate to acquaint their honours that this house will unite with them in the formation of a joint committee of both houses on the subject of the printing of parliament, and that the members of the select standing committee on printing, viz., Messieurs Chevrier (Stormont), Damude, Denis, Dussault, Ferron, Hansell, Hurtubise, Hushion, Lapointe (Matapedia), MacKinnon (Edmonton), MacLean (Prince), McGregor, McIntosh, McKenzie (Lambton-Kent), Mills, Mulock, Purdy, Ross (St. Paul's), Taylor (Nanaimo), Tustin, Veniot, Weir and Wilton will act as members on the part of this house on the said joint committee on the printing of parliament.

Motion agreed to.

UNEMPLOYMENT

PROPOSED CLOSING OF RELIEF CAMPS AND MEASURES FOR REEMPLOYMENT

Hon. NORMAN McL. ROGERS (Minister of Labour): With the consent of the house, I wish to make a brief statement on a matter of public importance. In doing so may I refer to a question put to me on February 17th by the hon. member for Winnipeg North, in which he asked what alternative the government had for relief camps. I assured my hon. friend at that time that the measures by which we proposed to close the camps during the present year would be announced in due course. The statement I now propose to give to the house is designed not only to answer that question but to implement the previously announced intention of the government to arrange for the closing of the relief camps at the earliest possible date.

It has been announced that relief camps as now organized and conducted will be discontinued during the present year. As an emergency measure these camps may have been justified, but as a permanent feature of social organization in Canada they cannot be supported on grounds either of social utility or of governmental economy. This does not imply criticism of the administration of these camps under the Department of National Defence. In their organization and administration the Department of National Defence performed a difficult task with commendable efficiency as a peace time service of national importance. To continue these relief camps, however, on their present basis, would be to institutionalize them and to encourage an attitude of hopelessness on the

part of those for whom they were designed to make provision in a period of economic extremity.

The intention to abolish relief camps has been confirmed by the findings and recommendations of the committee appointed to report to the Minister of Labour on existing conditions in these camps.

The government recognizes that in closing these camps every effort must be made to provide employment for those now on the strength of the camps who are employable. Preliminary arrangements have already been made for setting up machinery which will absorb, from time to time, those on the strength of the camps into gainful and useful employment. It is anticipated that these arrangements will permit the closing of relief camps, as such, not later than July 1 of the present year. No new projects will be undertaken. The present strength of the camps will not be increased. There will be no new admissions.

In seeking ways and means to provide employment the government has recognized the desirability of affording, so far as may be possible, alternative employment suitable to the training and experience of those now in camps. As a result of negotiations with the Canadian National Railways and the Canadian Pacific Railway through the Minister of Railways and Canals (Mr. Howe), arrangements have been made whereby 10,000 men will be employed on deferred maintenance work on the trackage of these companies during the coming summer. This work will be in addition to the usual maintenance work of the railways. It will be undertaken on a co-operative basis, provision for which will be proposed in the emergency supplementary estimates. Men taken from the relief camps by the railroads will be in private employment and on a basis of work and wages. Relief camps will be closed progressively to permit of the transfer of camp strength to employment on the railways et cetera, as soon as weather conditions permit.

While the relief camps remain open, projects will be continued under the Department of National Defence, working in closer co-operation with and carrying out the policy of the Department of Labour. The decision to carry on under the present organization is a natural outcome of the policy of abolishing the relief camps. It would be costly and undesirable to build up a large organization, under the Department of Labour, which will of necessity be shortlived.

It is proposed to encourage a greater measure of cooperation between the provinces and the dominion in the working out of a more intensive application of the farm placement scheme, a scheme which has to date been followed quite extensively by some of the western provinces with very satisfactory results. Forest conservation, easier access to mining areas and other development projects would be other outlets for employment, and it is anticipated that these opportunities I have suggested for employment will absorb the bulk of men in the camps who are fitted for this class of work.

It is expected that through the instrumentality of the proposed national employment commission, working in cooperation with business and industrial undertakings, additional avenues of employment will be found. A greater degree of cooperation will be sought in the national interest between the government and those agencies which have the power and understanding to meet the problem.

It has been decided by the government that the present allowance of twenty cents per day shall be increased to $15 a month, as from March 1st. All other allowances, such as food, clothing, medical care, tobacco, et cetera, will remain the same as at present. This monthly allowance of $15 will be paid out as follows: $7.50 in cash, the other $7.50 being set aside until such time as the man leaves the camp, when he will receive non-negotiable vouchers payable at the rate of $4 a week at any post office, for the total balance standing to his credit. This ensures that if a man leaves a camp of his own free will, he will at least have some means of support while he is seeking industrial re-establishment.

Returns are now being received from all camps which will indicate the age and occupational classification of the camps' population and will be used as a guide in planning for re-employment of those who are employable. The government feels that it has a special responsibility at this time, in first seeking to find employment for those men who are in the camps, if the plan to close the camps is to be carried out successfully. Once this has been done, continuous efforts will be put forth to secure employment for all those who are employable. The unemployables will have to continue to be, as at present, charges of the provincial and municipal governments.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

STEAM TRAWLERS

Mr. KINLEY:

1. What amount was collected from the operators of otter or steam trawlers by virtue of order in council—P.C. 2196—dated October 31, 1929?

2. Who paid the amounts and how much in each particular case?

3. Was the said order in council declared invalid or ultra vires?

4. Were any payments herein above referred to refunded? If so, to whom and how much?

5. What was the final disposition of the matter by the courts and the government?

Mr. HOWE:

1. $5,856.36.

2. Leonard Fisheries, Limited.

3. Yes.

4. Yes. To the Bank of Montreal, for Leonard Fisheries, Limited. The total amount.

5. Answered by Nos. 3 and 4.

FARM LOANS—LABELLE COUNTY

Mr. LALONDE:

1. How many farmers of the county of Labelle applied during the year 1935 for a loan under the provisions of the Canadian Farm Loan Act?

2. In how many cases was the loan application granted and the loan made?

3. What are the names and addresses of the persons who secured a loan in this manner?

4. What was the amount of each such loan?

5. In how many cases was the loan application refused?

6. What was the total amount involved in the loan applications that were refused?

Mr. DUNNING:

1, 2, 3, 4, 5 and 6. The following answers are furnished by the Canadian Farm Loan Board: Records of the Canadian Farm Loan Board are not kept by counties and the information asked for is not now available. Moreover, the transactions between the board and borrowers are regarded as confidential and it is not considered in the public interest that information revealing the names of persons who have obtained loans should be given.

PATROL BOAT ULNA

Mr. VENIOT:

1. When was the patrol boat Ulna leased by the preventive service, and under what terms?

2. What reports, if any, were submitted as to the fitness of the Ulna for the preventive service and by whom submitted?

3. Was the Ulna purchased for use of the preventive service? If so, when, from whom, and at what price?

Mr. LAPOINTE (Quebec East):

1. The Ulna was chartered under an agreement entered into on the 30th April, 1931, by the Department of National Revenue. The charter became operative from the 4th June, 1931, and expired December 31, 1931. The fee was $6,000 per month, the owners to provide crew, all supplies and keep the vessel seaworthy; the department to supply master and wireless operator.

2. Before charter. Reports were obtained from Lloyd's surveyors and Charles Stephen, Engineer Lieut.-Commander, R.N. (retd.), technical adviser, customs-excise preventive service, who is an associate member Engineering Institute of Canada, associate member Canadian Society Civil Engineers, member of the Corporation of Professional Engineers, Quebec, P.Q., and member of the American Society of Naval Architects and Marine Engineers.

Before purchase. Reports were obtained from the master who had been in charge of the boat during the charter period—Skipper Lieutenant J. P. Fraser; Engineer Lieut.-Commander Stephen, technical adviser, Royal Canadian Mounted Police, and Lloyd's surveyor.

3. Yes. The Ulna was purchased in May, 1932, by the R.C.M. Police for preventive service work, from the Margaree Steamship Company Limited, of Sydney, N.S., for the sum of $55,000 completely equipped, with linen, bedding, cooking and kitchen utensils, crockery and everything in condition to proceed to sea with a crew of seventeen men.

LEAGUE OF NATIONS

Mr. STEVENS:

1. How many nations were members of the League of Nations in the year 1925?

2. How many nations were members of the League of Nations as at December 31, 1935?

3. How many of these present members are in arrears in their annual payments for the upkeep of the League of Nations?

4. What is the total amount of arrears of these nations?

5. How many nations have withdrawn from the league because of dissatisfaction with the decisions or methods of the league?

6. How many nations have paid their annual dues regularly and in full?

Mr. MACKENZIE KING:

1. 55.

2. 58.

3. 21 as of September 1, 1935.

4. 19,347,987.30 gold francs as of September 1, 1935, constituting approximately 5 per cent of the total assessments to 1935.

5. Three nations; namely, Brazil, Germany and Japan may be said to have withdrawn because of disagreement with the decisions or methods of the league.

6. Thirty-six nations may be said to have paid their annual dues regularly and in full. In addition Chile on July 31, 1935, liquidated arrears which had accumulated since 1930. Arrears due from four other nations were for one year or less.

CANADIAN RADIO BROADCASTING COMMISSION

Mr. DESLAURIERS:

What amount was spent in travelling expenses by each commissioner and official of the Canadian Radio Broadcasting Commission during the calendar years 1933, 1934, and 1935?

Mr. HOWE:

The following information has been supplied by the Canadian Radio Broadcasting Commission:

	Fiscal Year 1933-34	Fiscal Year 1934-35	Fiscal Year 1935-36 to Feb. 21/36
Commissioners—			
Charlesworth, Hector	$1,097 41	$ 500 21	$ 268 49
Chauveau, C. A.			88 70
Steel, Lt.-Col. W. A.	2,022 84	856 96	593 82
Maher, Thos.	3,817 80	509 73	
Cartier, J. N.		256 32	5 60
Administration—			
Cole, A. W. W.		25 30	
Gagnon, Y.			12 65
Gibson, H.	22 10		
Landry, R. P.	726 48	599 01	564 59
Mortimer, W. R.		57 35	591 60
Representative of the Treasury—			
Shaver, G. M.	363 25	1,032 56	96 75
Publicity—			
Ball, H. M.		47 05	66 30
Buchanan, E. C.	824 80	399 28	201 04
Houle, L.	152 71	243 82	127 78
Wooding, F. H.			42 00
Engineering Department, Ottawa—			
Bourke, A. A.	122 40	759 19	793 22
Cahoon, R. D.			318 30
Chevrier, H.	66 45	28 75	15 05
Elliott, R.			96 51
Finlay, C.	237 85	916 47	46 30
Gould, G. C.		464 31	250 86
MacKinnon, K. A.		272 84	258 85
McMurtie, J. G.	364 55	305 00	166 56
McKinstry, D. G.		275 70	857 97
Olive, G. W.	898 11	1,081 78	546 85
Smith, H. M.	739 87	2,385 58	1,256 75
Trousdale, K. C. R.	21 95	192 20	
Stations and Studios—			
Canning, L. A.			53 43
Claringbull, D.			96 01
Demert, S. J.			30 00
Denoncourt, C.		7 00	
Ducharme, L.		267 75	
Fortin, V.		60 70	127 35
Hamilton, H. E. S.	64 07	194 54	3 00
Hilton, F. B. C.	175 49		185 60
Hudon, G.			61 80
Garrod, F. J.		115 10	31 50
Pickard, J. A.			34 92

Stations and Studios—Conc.	Fiscal Year 1933-34	Fiscal Year 1934-35	Fiscal Year 1935-36 to Feb. 21/36
Radford, J.		85 95	352 50
Reid, W. A.		21 55	
Richardson, W. G.		131 39	
Shane, W. A.	19 89	142 04	6 45
Shearer, C.	67 05	438 56	352 12
Speer, C. W.			7 20
Walsh, T. C. R.			75 10
Wright, G. A.		350 07	321 74
Program Department—			
Aylen, P.		40 50	
Brown, H.			185 80
Bushnell, E. L.	872 33	1,769 23	1,689 33
Charland, W. L.			37 27
Desbaillets, J.	10 50	65 65	
Dupont, J. A.	3,365 85	3,161 50	2,658 81
Fischler, H. J.	27 02		
Gagnier, J. J.		114 72	212 95
Houde, A. H.			132 22
Jackson, E. W.	455 77	19 69	83 75
Jennings, C.	145 91		122 25
Maxted, S.	83 55	180 33	455 10
Pelletier, H. R.		217 00	280 43
Powell, W. E.		73 97	
Seguin, A.			100 40
Stovin, H. N.	1,305 61	3,570 73	3,297 95
Taggart, G. A.	417,05	899 53	658 14
Waddington, G.	68 90		106 43
Weir, E. A.	178 59		
Willis, J. F.	596 27	1,094 67	763 01

Mr. DESLAURIERS:

1. Who paid for the broadcasts of l'Union Nationale Libérale through the facilities of the Canadian Radio Broadcasting Commission?
2. Was any commission allowed to any person on these political broadcasts?
3. If so, what was the amount of such commission?
4. To whom was such commission paid?

Mr. HOWE: The following information has been supplied by the Canadian Radio Broadcasting Commission—

1. Ivanhoe Hogue, Vickers & Benson, Limited, H. A. Baribeau. Some local broadcasts were paid for in cash.
2. Yes.
3. $1,303.21.
4. Commissions were allowed to: Ivanhoe Hogue, $1,299.22; Vickers & Benson, Ltd., $3.99.

SUPREME COURT BUILDING

Mr. POULIOT:

1. Did the government make any inquiry respecting the sanitary conditions of the building where the judges of the supreme court hold their sittings?
2. If so, on what date and what were the results of such inquiry?

Mr. LAPOINTE (Quebec East):

1. Upon the request of the Registrar, Supreme Court of Canada, officials of the Department of National Health were instructed to make an inspection of this building.

2. Said instructions were given on 27th November, 1935. A report of such inspection was made on or about 10th December, 1935, and was submitted to the Department of Public Works for consideration.

QUEBEC POSTAL DISTRICT SUPERINTENDENT

Mr. ROBERGE:

1. What is the name of the superintendent of the Quebec postal district?
2. How long has he held such office?
3. How old is he?

Mr. ELLIOTT (Middlesex):

1. Samuel Tanner Green.

2. He entered the service on the 21st July, 1885, and has held his present position since the 21st October, 1921.

3. Seventy-two years.

FISHERMEN'S LOANS

Mr. POTTIER:

1. How many fishermen have applied for a loan under the provisions of the Canadian Fishermen's Loan Act?

2. What is the aggregate amount of loans applied for under the provisions of the said act?

3. What was the aggregate amount of loans paid out to the fishermen under the provisions of the said act, up to and including October 14, 1935?

Mr. DUNNING: The following answers are furnished by the Canadian Farm Loan Board:

1. 97.

2. $62,385.

3. Nil.

BANK OF CANADA

Mr. ELLIOTT (Kindersley):

How many shareholders owned shares in the Bank of Canada, October 22, 1934, and how many at the present time?

Mr. DUNNING: On allotment, October, 1934, 12,147; at December 31, 1935, 11,021.

RENEWAL OF MAIL CONTRACTS

Mr. BOULANGER:

1. How many mail contracts, by provinces, expiring December 31, 1935, were renewed between the date of the dissolution of parliament and the date of the elections, namely, between August 15, 1935, and October 14, 1935?

2. How many mail contracts, by provinces, expiring March 31, 1936, were renewed between the date of the dissolution of parliament and the date of the elections, namely, between August 15, 1935, and October 14, 1935?

Mr. ELLIOTT (Middlesex):

1.	Prince Edward Island	9
	Nova Scotia	18
	New Brunswick	32
	Quebec	51
	Ontario	97
	Manitoba	34
	Saskatchewan	21
	Alberta	21
	British Columbia	32
	Yukon	Nil
2.	Prince Edward Island	6
	Nova Scotia	3
	New Brunswick	36
	Quebec	6
	Ontario	4
	Manitoba	2
	Saskatchewan	Nil
	Alberta	Nil
	British Columbia	Nil
	Yukon	Nil

[Mr. J. C. Elliott.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

RELIEF CAMPS

Mr. DOUGLAS:

1. How many were in relief camps during the years (a) 1935; (b) 1934?

2. What was the total cost of operating these camps during (a) 1935; (b) 1934?

3. What did it cost per person, per month, to operate each camp during (a) 1935; (b) 1934?

4. What is the average length of residence in these camps?

FUNDED DEBT

Mr. TAYLOR (Nanaimo):

1. What were the funded debt issues, inscribed amounts, of the national debt of Canada; together with yearly totals, as from and including the year 1908 to the latest figures available?

2. What were the net sums received by the dominion government against the inscribed amounts of the funded debt issues as in question 1; together with yearly totals as from and including the year 1908 to the latest figures available?

3. Where sold foreign, what loss or gain developed as a result of exchange on each of the issues above; (questions 1 and 2); together with yearly totals as from and including the year 1908 to the latest figures available?

4. What were the unfunded debt transactions, obligation figures, together with yearly totals as from and including the year 1908 to the latest figures available.

5. What were the net sums received in sale or other adjustment of the unfunded debt transactions; together with yearly totals as from and including the year 1908 to the latest figures available?

6. Where sold foreign, what loss or gain developed as a result of exchange on each of the issues above; (questions 4 and 5); together with yearly totals as from and including the year 1908 to the latest figures available?

Mr. DUNNING: Order for return, subject to the remarks I made the other day.

FARM LOANS

Mr. LACROIX (Beauce):

1. How many farmers of the province of Quebec applied for a loan since the farm loan act became law, giving the number of such applications for each year separately?

2. How many inspections were carried out for which the farm loan board received $10, in connection with each such inspection, giving the number for each year separately?

3. In how many cases was the inspection carried out without the $10 being paid, giving the number for each year separately?

4. In how many cases was the loan application granted and the loan made, giving the number for each year separately?

5. What was the amount of the loan made in each case and in each year?

6. In how many cases did the farm loan board require two inspections, giving the number for each year separately?

7. In each case where a loan was made, on what date was the loan application presented and on what date was said loan granted and documents completed, giving the figures for each year separately?

Mr. DUNNING: To answer questions 6 and 7 would involve the examination of thousands of accounts. I wondered if the hon. member would be satisfied if we passed this as an order for a return with a reservation with respect to questions 6 and 7 because of the tremendous amount of work they would involve.

DISMISSAL OF POSTMASTERS

Mr. BOULANGER:

1. Are there any Post Office Department regulations respecting the dismissal of postmasters?

2. If so, since when have such regulations been in existence?

3. Were such regulations approved by the governor in council, and if so, when?

4. What section of the Post Office Act authorizes the Postmaster General to enact such regulations?

5. Have such regulations always been followed literally since their enactment?

6. Were such regulations amended when the Civil Service Act was amended in 1932 by the addition of section 57a, exempting from the application of the Civil Service Act "the position of postmaster of any revenue post office where the revenue does not exceed three thousand dollars per annum"?

ROYAL CANADIAN MOUNTED POLICE

Mr. REID:

1. What was the total number of officers or men taken on the force of the Royal Canadian Mounted Police during the calendar years 1932 to 1935?

2. What was the number of men taken on from each province, respectively?

3. What was the number of men taken on from each of the principal cities in Canada?

MOTIONS FOR PAPERS

BOUCHETTE, QUE., POSTMASTERSHIP

Mr. PERRAS:

For a copy of all letters, correspondence and other documents respecting the appointment of Miss L. O. Dessurault to the post office at the village of Bouchette and the renewal of the said appointment on October 15, 1935, for a period of four years.

DISMISSAL OF POSTMASTERS

Mr. BOULANGER:

For a copy of all Post Office Department regulations respecting dismissals of postmasters and a copy of all orders in council, if any, approving such regulations.

BANKS AND BANKING

PROPOSED NATIONAL OWNERSHIP AND CONTROL OF BANK OF CANADA AND CHARTERED BANKS

Mr. M. J. COLDWELL (Rosetown-Biggar) moved:

That, in the opinion of this house, the government should consider the advisability of national ownership and control of the central Bank of Canada and the chartered banks.

He said: Mr. Speaker, the resolution which I have the honour to move has been presented for the consideration of the house in order that the members may have an opportunity of discussing this problem which to some degree has been uppermost in the minds of the people of Canada for a very long time. In view, too, of the varied opinions that are held throughout the country it seemed well that at the beginning of the session ideas referring to our financial and banking system should be presented for consideration. I have in mind the reference contained in the speech from the throne, which reads as follows:

The control of credit, and the issue of currency, being public matters of direct concern to every citizen, it is intended, at the present session, to ask parliament to make such changes in the ownership and control of the Bank of Canada, as may be necessary to give to the government a predominant interest in the ownership as well as effective control of the bank

Reading that, Mr. Speaker, it seemed to me that it was somewhat vague in character, and it appeared to indicate a certain degree of uncertainty even on the part of the government as to the exact policy that should be pursued. I remember, also the statement by the present Prime Minister (Mr. Mackenzie King) made in the house on April 26, 1932, when a somewhat similar proposal was made. At that time he said that he did not think serious consideration could be given to such a proposal. However, almost four years have elapsed during which period conditions in the world and, in particular, in Canada have changed considerably and perchance the opinion then held by the leader of the government (Mr. Mackenzie King) has been changed because of the changed conditions with which we are surrounded. I remember, too, the attitude of hon. gentlemen opposite in connection with the central bank bill of 1934. On that occasion members of our group supported the bill because they believed it was a step forward in the direction in which they wished to go. It should be borne in mind also that a motion almost similar to this was moved by Mr. William Irvine in the house on February 4,

1935. At that time very little support was forthcoming from the house generally or from hon. gentlemen opposite. I recollect that only one Liberal member, the hon. member for Mackenzie (Mr. MacMillan) voted in favour of that particular resolution. I am not unmindful of the fact that in the recent election campaign a leaflet was issued in the interests of the Liberal party. That leaflet was more suggestive of action along this line, and I should like to quote from it as follows:

> The Liberal party believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen. 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. A central bank is necessary to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people; and also to deal with problems of international commerce and exchange.

I realize the importance of that election statement, and particularly the statement that credit is a public matter. I am under no delusion that that means social credit or has anything to do with that particular proposal, because we know there is a distinct difference. Hon. gentlemen to my right are on record as being in favour of a privately owned central bank and we know precisely where they stand. Hon. gentlemen to my left are in a somewhat similar position. I remember reading a pronouncement to that effect by the leader of the social credit group in Alberta when he assured various financial interests that it was not the intention of his government to interfere with the private ownership of anything. I should like to read to the house two questions contained in a manual issued last summer by the leader of that group. There is a section devoted to questions and answers in which he replies to an imaginary questioner as follows:

> It is not the intention of social credit to confiscate or take away anything from those who already have it.

In reply to a subsequent question, "Does social credit involve socialization, nationalization, confiscation or expropriation?" Mr. Aberhart replied as follows:

> No. Social credit stands for controlled individual ownership. It holds to the decentralization of power and supports the rewarding of individual effort to the full possible enjoyment of the good things of life.

We have no criticism to make of the latter part of that particular answer. The answer to the question propounded is a direct negative; neither by purchase, nor by expropriation with compensation, as we believe is desirable and feasible, nor by outright confiscation, as some urge, will anything be nationalized. Therefore my appeal for support of this resolution must be addressed primarily to hon. gentlemen who occupy Liberal seats in the present House of Commons, but I shall welcome support from hon. gentlemen who sit to my left and to my right if, after further consideration, they believe the time has come when something of this nature should be undertaken. Public attention is focused and has been focused upon that strange paradox of which we have heard several times already during the course of debates in this house. I refer to the paradox of poverty and want in the midst of actual and potential plenty. People ask why this should be so. They put their hands into their pockets and find they have no money. Consequently they believe it is a shortage of money and purchasing power that is really at the root of the problem which we face to-day. Therefore they constantly demand more money and an increase in their purchasing power. Political parties have risen which have promised definitely to put money and purchasing power in certain forms into the hands of the people.

For a few moments I should like to discuss what money really is in order that we may get a picture of what actually needs to be done. The use of money came into existence centuries ago when men found it highly inconvenient to make exchanges of actual things with one another. A man found it very difficult to exchange a horse for a sword or a cow for a leather jacket, and consequently there came into existence certain tokens of exchange. We know this from our own Canadian history in connection with the trading between the Hudson's Bay Company factors and the Indians. At first many of these tokens had no intrinsic value, but as civilization advanced and became more stable we find that particular tokens which in themselves had an intrinsic value were utilized as money. These tokens took the form of precious stones, gold, silver, spices and so on. Not only did they become tokens of exchange, but, as time went on, they became measures of other commodities in terms of themselves. Thus in the process of human evolution money took on a distinctly new form and shape. The ancient law givers realized the danger of allowing the control of those things which were then used as the media of exchange to become concentrated into a few hands and become monopolistic in their nature. If we look to the oldest law we have in the English language, a law which was translated into our language from a more ancient tongue, we shall find that this is so. I

refer of course to the laws to be found in the Bible. Turning to the twenty-fifth chapter of the book of Leviticus one will find there that the primitive but wise lawgiver, Moses, said to the children of Israel: Lend not your money unto usury; take no increase of the other fellow. And, moreover, in another part of Holy Writ it will be found that they were obliged to cancel certain debts from time to time, some at the end of seven years and some at the end of fifty years.

To-day we are inclined to smile at those ancient laws, but they were written because those who at that time were charged with the responsibility of mapping out the future for semi-primitive peoples realized that if the power of money once fell under the control of a few people then indeed society would suffer from that particular kind of monopoly.

Mr. REID: Is it not a fact that the same Moses told the people that when they borrowed a measure of corn they should pay it back brimming over?

Mr. COLDWELL: That is quite true; but let me point out that that suggestion had a significance which was somewhat different from the one which at this time I am discussing. I am discussing the possibility of the medium of exchange—not the lending by one producer to another of something which he needed temporarily—in itself becoming a continuous loan yielding interest; hence the command to cancel debts at the end of given periods of time. And if we turn to British history, from which we derive so much, we find that the first Edwards, one after the other, endeavoured to prevent the accumulation of wealth into a few hands and the lending of it at interest. They decreed that those who transgressed that law should be imprisoned, outlawed and even executed. Going back too to the history of the pronouncements of ancient teachers of the old church, we find also that throughout the early ages the saints of the church stood firmly opposed to the institution of usury in the midst of society; and that too, I may add, was afterwards the attitude of Martin Luther, the great German reformer.

In spite of all this, money became a commodity, and as the years went by, like any other commodity, it became subject to the law of supply and demand. In recent times, because of the rise of monopolistic industry and finance, we have seen the law of supply and demand break down. There are those who would like to go back to the more primitive way of doing things; but once we set our feet on the road it is difficult to turn back, and consequently we must bear in mind the fact that monopolistic industry and monopolistic finance have given to those who control money and the institutions which exchange and lend a greater power than was known to any of the ancient kings in olden days.

As I said a short time ago, money is a measure, and for a long time it was a fairly stable measure; but recently instability has been a mark of our financial system. Expressed in terms of other commodities for which it is exchanged, it has become a measure such as we would not tolerate under any other circumstances. We could not do business, for example, if at one time the yard measure were 18 inches, at another time 24 inches, at another time 36 inches, and at still another time 72 inches; yet we have seen the measure of our trading relations one with another fluctuate to as wide a degree as that in recent times. I well remember that in the province from which I come—thinking for a moment in terms of wheat—when wheat was $2 a bushel the farmer who borrowed $10,000 knew that that was equal to 5,000 bushels of wheat. But when, ten or fifteen years later, he came to repay the loan, he found that he had to repay not 5,000 bushels of wheat, which the $10,000 originally represented, but at a price of 25 cents a bushel, 40,000 bushels of wheat. We see the same situation in connection with eggs, butter, tobacco, tomatoes and various other commodities, the terms of which are understood in other parts of the dominion. Thus debts contracted at one level become an intolerable burden at another level.

We would not for one moment tolerate in our homes an unreliable electric meter to measure the power we use there; and yet in our economic structure we have been tolerating for a long time a measure of goods and of services which has fluctuated very seriously. Conversely, if loans made when money is cheap have to be paid back on another basis, then that is equally unjust both to those who lend and to those who repay. We have therefore to consider this problem of banking, finance and money in exact relationship to the property system within which it operates, and the proceeds of which it seeks to measure. Its stability is thus of primary importance in every phase of our economic life. The problem of purchasing power cannot, in my opinion, be considered apart from the general economic structure. In discussing this problem to-day I remember that monopolistic industry can defeat even the very best measures of government designed to control monopolistic finance.

When I speak of money I am using the term in a varied sense. In civilized society there are many kinds of money—first the nickel, copper, silver and paper money which we carry around in our pockets and with which we are all familiar. But that after all is little more than the small change of the present financial system. The authorities tell us that approximately ninety per cent of the payments made within civilized society are made by means of cheques and not wholly, but largely, from credits established within the banking institutions. The banks therefore have a tremendous power in that regard.

People sometimes ask: What do you mean by credit? May I say, before I explain what I mean by credit, that I am not one of those who believe that when a credit is created there is nothing behind it but the fountain pen which enters into the ledger the amount of money for which that credit stands. During my experience in another capacity I well remember how on more than one occasion I had to participate in the borrowing of money for an organization with which I was connected. How was that loan made? A bylaw was passed authorizing the mayor and the city treasurer to make a loan with one of our banking institutions. The bylaw being in order, the mayor and the city treasurer went to the banking institution, deposited a copy of the bylaw, signed a note promising to pay back, let us say in thirty or sixty days with interest at seven per cent, the sum of fifty or one hundred thousand dollars. If that bank did no more business that day than make that one particular loan its statement at the close of that particular day would show that, because of the making of that loan, the institution had fifty or one hundred thousand dollars, as the case may be, more on deposit than when its doors opened for business in the morning. Not one dollar would have been taken from any customer's account or from elsewhere. Of course there are those who say that that has been created out of thin air. No; the bank within the banking and financial system set up a contingent liability against that particular form of loan, and some time, somehow, the loan will have to be retired with something tangible. When loans are made freely, they raise the general level of prices, and if carried to an unusual degree may result in an inflationary movement within the society where such credits are established. This does not mean that the credit does not represent anything tangible. It does. It represents goods and services that already are available or will be available to the people and the society within which the loan is made. For the contingent liability will ultimately be reconciled, in the case of the example that I gave a few moments ago, by the levy of taxes, or in the business world, by collecting the amount with which to retire it through the price level. And since bankers are human—and this is a point that I wish to emphasize because it has a very important bearing upon the resolution—since bankers are only human they make loans when they appear to be both safe and profitable. Consequently, when business is on the upswing they tend to make more loans, and by and by they actually encourage the boom that ultimately develops. I saw rather an interesting item in to-day's paper on that particular point. It is a report in the Montreal Gazette of a statement made yesterday by Governor Towers before the shareholders of the Bank of Canada. He said this in part:

> While a policy of cheap and abundant money was the orthodox contribution of a banking system toward recovery—
>
> Toward the upward rise of business:
>
> —such a policy, if pursued too far, might bring about an unmanageable situation when revival developed.

And that is one of the principal contentions that I would make in support of the present resolution. If we are going to control the upward swing of business so that speculation does not become rife and a boom develop which when bursting will have serious effects, we must exercise a larger measure of control than we now do over our banking and financial institutions generally, and the central bank in particular.

Then we find this, that as shelves become full manufacturing slows up; as manufacturing slows up, unemployment develops; the demand for capital goods also grows less; we have less purchasing power in the hands of the people, and consequently we face immediately a depression within what is sometimes called the business cycle. We suggest that the reverse should be the procedure, that when a boom is developing the central bank and financial policy should tend to prevent that boom, and when on the other hand there is a recession from the peak setting in, our financial policy should be to prevent the development of depression. We must bear in mind also that when the depression develops the bankers advise us, the governing bodies, to balance our budgets and to further restrict purchasing power, because the banker believes that he must get into a liquid position. He calls in his loans; he refuses to make more, and so on. And governments attempt, as I said a moment ago, to balance

their budgets. This is sometimes called sound business principles, and so they are sound business principles in relation to the making of private profit, because the banker protects himself, it is true at the expense of society sometimes; nevertheless in a society which is wholly or even largely competitive it is a case of every man for himself.

Of course we used to be told that there was a direct relationship between the matters I have been discussing and the gold basis. That is no longer substantially correct. We have been told—and we have been following that advice quite recently—that what we had to inculcate in order to make our money secure was a measure of confidence. Some wag said over the air a short time ago—I happened to hear him—that confidence was the ability to forget what happened last time and the courage to ignore what will happen next time. There is a great deal in that little quip. Bank policy, therefore, is in strict conformity with the general economic development in the times in which we live. If business is to receive the necessary assistance when it needs it the control of our financial institutions will have to be divorced from the selfish interests of those who control the banking and financial system. I do not use the word "selfish" in any wrong sense. I mean the looking after of the self-interest of the individual or institution concerned. We have seen how in times of boom money becomes easy to obtain, how in times of depression it becomes scarce. This reminds me that if we had a janitor looking after a block who turned on the heat in the summer time and the cooling system in the winter we should be inclined to change the janitor. That. to some extent, is an illustration of what has been going on in the financial world.

What we require is neither inflation nor deflation. I sometimes think many of the gentlemen who defend the present system and its operations are in reality, without realizing it, deflationists, and to my mind deflation and inflation are both evils. We must aim at equilibrium in our economic relationships and throughout our business institutions, but private institutions can scarcely be expected to act, sometimes against evident self interest, quite unselfishly in relation to monetary and financial policy. Quite recently, in the United States and elsewhere, we have heard the word "reflation" used to describe the bringing back to a reasonable level of prices, business and so on, but whether we call it "reflation" or "equilibrium" we must achieve the latter objective as soon as we can or society will perish.

The other afternoon I discussed what had taken place in Sweden, and again I should like to direct the attention of the house to the banking experiments that have been carried on in that country during the past several years. It has been said and undoubtedly will be said again that changes in the fiancial situation in Canada cannot be brought about because of our relationship to the great world all around us, but in the kingdom of Sweden in 1931, when they were driven off the gold standard, an attempt was made to do that very thing. Economists whose advice was sought by the government for the bankers were told that no matter what happened to the value of the kronen outside Sweden, an attempt should be made to stabilize the level of the unit of exchange within the country. They did that to a very remarkable degree, tying up their internal price level, their internal monetary unit, to actual goods, services and commodities and allowing the unit outside the country to swing into line and remain in line with foreign currency. So externally Sweden became a member of what is known as the sterling group, trading with Great Britain and measuring the value of her external unit in terms of British pounds, but internally Sweden has been able to maintain a price level which, as I said the other evening, has fluctuated only 1·9 per cent since 1931.

As potential production increases the purchasing power of the people ought to rise, and the real problem we have to consider not only in Canada but, in fact, in every country throughout the world is how to distribute more goods and services as they become available through the introduction of machinery and the increased productivity of human labour. The statement has been made so frequently in the house that I hesitate to repeat it, but to-day our trouble is one not of scarcity but of actual plenty in some respects, and of potential plenty in others. Consequently it will be the business of this parliament and the parliaments of all other countries in which there are democratic institutions to seek ways and means of bringing into line our consumptive capacity and our productive possibilities, and the nearer we can approach that point the nearer we shall be to a solution of the economic and social difficulties with which we are surrounded. Those who suggest that, unrelated to goods or to uncontrolled goods and services, vast quantities of non-recoverable purchasing power should be placed into the hands of the people, might make confusion worse confounded, because after all money is a title to something and unless you can deliver

the goods or guarantee their delivery you have no right to issue a title to goods which you do not control.

I have heard it said that we should consider Canada as a great corporation in which every citizen has a share and from which every citizen ought to draw a dividend. That is a splendid idea, but I have heard the same people go on to say that we are going to leave the banks and financial institutions, the oil fields and the other great monopolistic industries and institutions in the hands of those who now own and control them. In other words they say we are going to consider Canada as a great corporation from which every citizen ought to draw a dividend, but it will be a corporation without assets, and a corporation without assets cannot conceivably pay dividends.

My time is almost up, Mr. Speaker, but I want to urge the house to discuss this resolution on a high plane. Irrespective of our party affiliations let us, if we can, endeavour to meet the situation which has been created in the last few years and which will continue to be with us unless we take definite and intelligent steps to meet these problems in the near future. People are not going to remain content with the present condition for long.

Mr. DEPUTY SPEAKER: The hon. gentleman has spoken for forty minutes.

Mr. COLDWELL: I thank you, Mr. Speaker.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, when I came into the house this afternoon I did not expect to find this motion on the order paper; it has been so changed that, by the rules of the house, I thought it would be moved to the bottom of the order paper instead of being left in its present position. However, I feel it my duty to define my own position in regard to this matter.

If this resolution read, "That, in the opinion of this house, the government should consider the advisability of national ownership and control of the Bank of Canada," and stopped there, I would vote in favour of it. In view of the fact that some measure along these lines is foreshadowed in the speech from the throne I have no intention of moving any amendment to the resolution offered by the hon. member for Rosetown-Biggar (Mr. Coldwell), because undoubtedly the government has that matter under consideration, and as a private Liberal member I do not wish to anticipate the action or intention of the government in that regard. So far as I am personally concerned, however, I am one hundred per cent in favour of a one hundred per cent ownership and control of the Bank of Canada by the Canadian people, through our government.

To some extent the suggestion was made that the remarks I addressed to the house a few days ago indicated that I was favourable to some scheme of inflation. If we controlled our central bank we could issue currency and control credit in terms of the interests of the people, and not in terms of private bankers' profits. From time to time the bankers regulate their business by largely extending credit when there is a business boom at one time, and curtailing it when there is depression at another. In other words the Canadian Macmillan report found there were times when the bank should be extending credit but that at such times it would not be in its own financial interests to do so. The report indicated that private banks could not be expected to take steps which would not be in their own interests. On the other hand at times when there may be a tendency to deflate, a government bank might and should throw its influence and its power towards arresting a deflation movement, whereas a private bank could not be expected to do so, because such action would not be in its own interests. Therefore if a central bank is to discharge its proper duties, namely more or less to control the price level and to prevent extreme depressions and extreme booms, the only way it can be expected to do so is to have it under government ownership and control.

The other day I endeavoured to point out over ninety per cent of the purchasing power of the country operates through the medium of cheques on bank accounts. That is the principal medium of exchange. By virtue of their control over those deposits the banks actually have within their control what used to be regarded as something within the sole province of the government, namely the right to create or destroy currency, or purchasing power. That is, in the earlier days before we had a banking system such as we have to-day the government decided the amount of currency it should issue. To-day, owing to the development of our banking system, by making loans or by buying government bonds the bank creates deposits which, in turn, are chequed from bank to bank, back and forth, thus in effect creating purchasing power at will. We will suppose that a government bond worth $1,000,000 is bought by a bank. That money is either deposited in the bank which purchased the bond or it is chequed out for some purpose to other people who redeposit it in other

banks. Whether it actually goes into the bank which made the loan or into other banks, it increases their amount on deposit, and they in turn figure that they may make loans on the basis of those increased deposits. Therefore every time a loan is made or a bond is purchased there is an increase in the cash reserves of the bank or banks of the country, and at the same time an increase in the assets of the banks, viz the bond purchased or the loan owing.

Under our present system there is no limit to the extent to which the banks may increase their loans or may purchase bonds, with the exception of the limitation as to what the banks consider governments or individuals can repay. If governments or individuals borrow more than they can repay, the value of their credit goes down accordingly. I believe every hon. member understands that. If any hon. member thinks I could possibly repay $100—and perhaps he might be optimistic if he thought that—and I promised to repay $200, he would say, "Well, your note for $200 is really worth only $100." That is what I believe is meant by inflation. That is, the credit which a government or individual can put out at any time is limited by the amount the government or individual can hope to repay within a given time.

The point which it seems to me has not received sufficient consideration is this: Under our present system a government may go to a bank for money or credit. They actually issue credit against the bonds of the government. There is no limit to that, except the amount that they think the government can repay. In other words, if the banks believed that the dominion government could actually carry a debt of six billion, ten billion or fifteen billion dollars, there is nothing in the world to prevent them from lending the government any of those sums. They have the machinery to do it. It would not depend upon the savings in the bank; it does not depend upon gold, but depends entirely upon whether they believe the people of Canada can repay that money. If that is so; if the banks of Canada, with the machinery at their disposal, can create credit or can actually lend credit against the bonds of the government to any extent they believe to be safe, and to the extent they believe the government can repay, I put this to hon. members: If it is all right for private banks to create and lend credit to governments against government bonds, what is wrong with a central bank, owned and controlled by the government, actually extending the credit, instead of leaving that operation in the hands of a private institution? Thereby we would save that tremendous drain of interest which to-day is ruining society. I pointed to figures a few days ago which indicated that the public institutions of Canada between the years 1919 and 1932 had actually gone into debt at the rate of $1,000,000 every day. I showed that the debt had been increasing at that rate. I believe most people would say that because it had been done through ordinary banking institutions it was not inflation. The point I put is this: If we were to take over the ownership and control of our central bank, and instead of increasing our debt by $1,000,000 every day we were actually to issue credit of $1,000,000 each day, through the central bank, and use it to retire the public debt, would we have a state of inflation? In other words,—

Mr. BENNETT: That's the stuff.

Mr. DUNNING: At last we have found it.

Mr. TUCKER: In other words, if the Bank of Montreal or any other bank can issue that credit against the bonds of this country, why could not the Bank of Canada issue credit against those bonds, and issue it on a non-interest bearing basis? I have considered the matter for many months, and I cannot see why an institution which happens to be owned and controlled by a government could not do the same as a private institution. If it is all right for private institutions to increase the debt of Canada by $1,000,000 every day, I ask hon. members if it would be inflation were the public bank actually to lend $1,000,000 worth of credit every day on a non-interest bearing basis to retire the debt to private interests, which bears interest. That is not increasing in any shape or form the dead weight debt of the country. I suggest it might be done at the rate of $1,000,000 every day, the same rate as we have been going into debt in the past; if it were done at that rate inside of a little more than twenty-four years the public institutions of Canada, dominion, provincial, municipal and public corporations, would actually owe the same principal debt, but it would be on a non-interest bearing basis. Figuring the interest on the debt at about four and one-half per cent, it would mean that at that time we would be saving over $370,000,000 per year in interest, an amount that we are paying to-day.

In my judgment that is the flaw in our present system. I still contend that the banks do create and lend credit against bonds and loans. If you have the public institution creating that credit, and you put it on a non-interest bearing basis, you relieve yourself

of the payment of that interest. But to-day you have this situation that private institutions created by the government are creating credit. The banks lend it to governments, and then the governments endeavour to meet the interest which they have to pay on that credit by collecting taxes from the people. That is what is happening. The people are in effect paying money for nothing. It is taken from the masses of the people and concentrated in the hands of a few financial institutions. It simply means that you are draining from the masses of the people over a million dollars every day of the year for the payment of interest; you are piling it up in the hands of the big financial institutions, and the result is that just that much actual purchasing power is being drained from the country. It is not surprising, therefore, that we have the unemployment we see to-day. But if we could save that million dollars a day, once we got our debt on the basis I have suggested, and it is worthy of consideration, we would be able to look after our unemployed and our old people and many other things that are necessary to restore economic security to our people.

That, in short, Mr. Speaker, is the view I think of at least fifty per cent of the Liberal voters in this country. They believe that it should be given a trial. I mentioned the other day that the present leader of the opposition (Mr. Bennett), as Prime Minister, used the public credit of this country to the extent of $35,000,000, and that public credit is only costing us one per cent to-day. There were no dire results from his use of that public credit to the extent of $35,000,000, and I suggest that we should continue to develop that system of using our public credit, doing it through our own publicly owned and controlled central bank. If some hon. members think it would be better for the publicly owned and controlled central bank to charge a small rate of interest, the profits to go back to the people, there would be nothing wrong in that.

I would point out that governments to-day are taking practically all the credit that banks see fit to extend, and the result is that private individuals and corporations seeking credit cannot get it, because banks are able to make all the profit they want out of lending credit to public institutions. What chance has anybody who wishes to engage in business to borrow money at a reasonable rate of interest when the banks can lend to governments at five and six per cent? But if the governments did their own business of that nature through their own publicly owned and controlled central bank, private individuals and corporations would be able to get credit from the banks and financial institutions, which would be ready to lend, as they claim they do to-day, the private savings of the people at interest, and interest would be on a lower basis because public institutions would not then be competing with private institutions for credit or loans.

I noticed a moment ago, when I suggested this idea which I am venturing to put before this house, a certain tendency to regard it as somewhat fantastic. But let me point out to hon. gentlemen that according to the last Canada Year Book fifty-four per cent of the entire taxation of this dominion to-day goes towards the payment of interest on the dominion debt and forty-four per cent of the entire income of the federal government goes towards the payment of interest on the debt. The Minister of Finance (Mr. Dunning) can sit up night and day trying to effect economies in his estimates, but that is only nibbling around the edge of this great problem that confronts us when a large bulk of the taxation that is wrung out of the people has to go towards the payment of interest on our debt. When I hear people talk about economy, saving a few thousand dollars here and a few thousand there, and then see the government having to bring down supplementary estimates by which in the end they have to spend the amount saved by these economies, I say, Mr. Speaker, that such cutting down of the estimates by a few thousand dollars here or there is not dealing at all effectively with the thing that is gnawing at the very vitals of this nation to-day and preventing us from doing the things we should do for our unemployed, for our farmers, for our sick, and our aged. The place where we are spending our money to-day is in the payment of interest on our debts; for as I said before, fifty per cent of the entire taxation of the dominion goes towards the payment of interest on the public debt. I suggest that in these days, when people are studying how to save a little bit out of the taxes that are being raised, the place to which they should direct their attention is the place where fifty-four per cent of our entire taxation is going and if there is any scheme that will save fifty-four per cent of the taxation of this dominion being paid over into the hands of financial institutions, I submit that it should receive very careful study and consideration.

I submit further that great economists and able financiers all over the world have come to the conclusion that we must get away from the error that brought down the Roman empire. After all, the Roman empire was in somewhat the same position that we are in to-day. There was a tremendous amount of unemployment. The people had flocked to

the city of Rome the centre of the Roman empire and congregated in it and the large cities; the cry arose for more bread and more circuses, and the only way the government could see by which to meet the problem of these people who were crying for bread and entertainment was the imposition of more and more taxation upon the people. The result was that the time came when the people of the Roman empire figured that the benefits of belonging to Imperial Rome were not as great as its burdens, and then when the barbarians descended upon the Roman empire it fell. Our situation is somewhat the same, but there is this difference: with the development of our present banking institutions we do not need to tie ourselves down to gold or metal money. We do not need to tie ourselves down to any metallic substance. We can assume control of our Central Bank and through it issue and control currency and credit in terms of the needs of the people and not have to base it upon gold, silver or anything else of that nature. Looking at the economic situation we see that to do the business of this country requires so much purchasing power. We can issue that purchasing power through having control of the central bank and through our banking system. I suggest to you that the banking system of this country should be changed in accordance with the development which has taken place within the last forty and certainly within the last fifty years. There are older hon. members who can remember that forty or fifty years ago nearly all the business in the province of Ontario was done with money; especially in the country districts the idea of doing business by cheques was practically unknown. It is more important that something substantial of this nature should be done to meet our present situation than to try to save a few thousand dollars here or try to cut down expenses by a few thousand dollars there, which economies may tend to aggravate the present unemployment situation.

I appeal to my fellow Liberals to give sympathetic consideration to the suggestion that we take over the ownership of our central bank and make the use of it I have indicated. I know some people say that the idea of government borrowing from it is not feasible, but all I can say is that we will not ruin the country by trying it out. If it works, we can extend it further; if it does not work, we can drop it. We have made much more expensive experiments in the past. I contend we should have control of our central bank. We could then cautiously and carefully make use of its powers to create credit against the bonds of the country. We could cautiously retire our present debt now in private hands. If the idea works, we can extend it. If that is done I submit that inside of a very few years there will be no one worrying about socialism. If this idea is put into effect every man will have economic security and the liberty and freedom to which he is entitled under our British parliamentary institutions. Once more a necessary step will have been taken by organized humanity to march forward to higher levels of human achievement.

The resolution now before the house suggests that we should take over the private banking institutions and endeavour to run them. I do not believe that at the present time we are prepared to take any such step. If the latter part of the motion were deleted and it referred only to the national ownership and control of the central bank of Canada, I would be prepared to vote for the resolution.

Mr. A. MacG. YOUNG (Saskatoon): Mr. Speaker, the resolution now before the house is of great importance, and while it is not my intention to wander through the mazes of the theories of money and credit I want to make my position clear should this resolution come to a vote. I shall not take up more than two or three minutes of the time of the house.

The Liberal party is quite clearly on record as being opposed to the present set up of the central bank of Canada, and I agree entirely with that attitude. I think I can say, with equal accuracy, that the position of the Liberal party is well known as being in favour of a nationally owned and controlled bank. I see before me my genial friend, the Minister of National Defence (Mr. Mackenzie), and I am quite sure he will not disagree with that statement. During the campaign my right hon. leader (Mr. Mackenzie King) spoke in the city which I have the honour to represent. When he made the pronouncement that we would establish a nationally owned and nationally controlled bank he received a tremendous outburst of applause, the greatest outburst of the continued applause he received during his whole speech. If this resolution stopped where the hon. member for Rosthern (Mr. Tucker) suggests it should stop, I would be prepared to support it wholeheartedly. The time may come when it may be deemed advisable to take over even the privately owned banks. That time, however, is not the present, but I am prepared to support that part of the resolution which concerns the national ownership and control of the central bank of Canada.

Mr. J. S. TAYLOR (Nanaimo): Mr. Speaker, I am in favour of this resolution because I believe it is high time we should apply ourselves to a scientific study of the economic conditions under which we are living. Banking to-day is not conducted scientifically, but there are many features about the art of banking which could be scientifically understood. Banking has reached its present status entirely by an empirical process. The bankers themselves did not realize what they were stumbling upon when they undertook to take care of the money of the merchants. If we go back into the ages when tokens were exchanged we can realize how it became necessary that there should be some small medium of exchange having in itself an intrinsic value to take the place of the leather tokens then in use. This medium of exchange became of such a nature that it was necessary that it be cared for and stored, and it naturally gravitated into the strong rooms of the goldsmiths. Although all the earliest bankers were not necessarily goldsmiths, in England this was almost entirely the case. Childs and Company and the other private bankers which disappeared in the nineties when the joint stock banks were consolidating or amalgamating or fusing were originally goldsmiths. In taking charge of the money of the merchants and in issuing receipts for it, the early bankers soon discovered that the money did not go out in the same proportions as it came in, that the receipts which they gave remained current among the merchants of England and even on the continent for several months. This was the beginning of our present day system of bank notes and cheques. The goldsmiths, scenting an opportunity of making money, began to issue receipts against gold which did not exist. As the practice of banking became more select and respectable, it was discovered that for every hundred units of coin placed in their hands, they had to reserve a percentage as till money. In the nineties that percentage ranged around 23 to 26 per cent. During the intervening years it has gradually fallen until to-day 10·6 per cent represents the amount of till money which must be retained against every $100 of coinage held by the banker. This means then that the banker has in his hands approximately $90 which he is not likely to be called on immediately to repay; and realizing that, he scents the possibility of making money. But he must be careful, because this money is a trust committed to him by the business people of the country; and so, out of trial and error, out of experiment and understanding, he has determined upon a percentage which is loaned at call, a percentage which is loaned on short discounts, a percentage which is loaned on long discounts, and a percentage which is actually loaned out on almost permanent investment.

In the article Commercial Banks and Credit, in a book entitled What Everybody Wants to Know about Money, by G. D. H. Cole, I find, taking the London clearing banks' averages of weekly figures, the following percentages of deposits: In 1925, cash and balances with the Bank of England were 11·8 per cent; 1933, a decrease to 10·6 per cent. Money at call and on short notice, in 1925, was 7 per cent, and in 1933 it had decreased to 5 per cent. In 1925 bills discounted represented 13·6 per cent; and in 1933 it had increased to 17·8 per cent. Investments in 1925 represented 17·2 per cent; and in 1933 it had increased to 27·3 per cent. Advances—peculiar to British banking—in 1925 were 51·5 per cent, and in 1933, 39·9 per cent.

It will be seen that in the course of time, with a better understanding of business and the continued and increasing use of the cheque, the disposition of the banker has tended and now is to invest definitely and not on short call, for he realizes that he has at his disposal approximately ninety per cent of the money deposited with him. The range of $90 in each $100 is spread over these various loans, and I would point out that by careful and judicious lending, in terms from short to long, the banker is able to carry the load. But if any one of his loans fails to come through on due date he must immediately hedge his bet; he must immediately attempt to cover up by calling in loans from the other terms; and it so happens that when a catastrophe overtakes the country, bankers, here, there and everywhere, are placed in the position of calling in their loans—first call money, then three months' bills, then six months' obligations, and so on. Every person who has received money from the bank is compelled to scratch in the corners to repay his debt.

I make the definite assertion, therefore, that the banks are the first institutions in our economy to encourage a depression and for the very same reason they are the last institutions in our economy to ease it and to encourage a boom. That is only natural from their very position. They find themselves unable to exceed loans beyond the amount of their actual deposits. It has been said in this house that if they receive $100 they are in a position to loan $900. Theoretically that is true, but actually and practically it is impossible because the banker must be at all

times ready to return the money to the depositor and he fears that he may be caught betraying his trust.

But what do we discover in this matter of loaning out money which belongs to the people of the country? The banker has developed towards that money the attitude of regarding it as his own property and he earns interest on it in the loan, and so encourages us to apotheosize interest and usury on loans. The banker is not justified in charging interest on loans. That may sound strange, Mr. Speaker, but I say that if we are going to use the money and the credit of the country to lend out for the purpose of helping industry in certain directions, it should be done on the basis of insurance cost to make sure that that money shall be returned, and not on the basis of interest on the money loaned. We must have that money back and it must pay insurance that it shall come back. That feature can be accomplished only by a government, and I charge this government to take into consideration the fact that in developing credit for the purpose of encouraging the industries of the country it can be done in precisely that way. We should then do away altogether with the idea of banks encouraging loans to their own friends.

It is not difficult, going over the history of banking, to see how frequently this has been done or how much the wealthy patrons of a bank can obtain at reasonable rates of interest, while business men with indisputable security are finding it hard to get proper loans at decent rates. Loans should be divided into classifications, insured according to the risks in any particular classification, and that can be done only by a government. Consequently, in the consideration of this resolution, I urge that the government realize the importance of undertaking the whole system of credit and finance scientifically, studying it from the economic standpoint and instituting such changes as would make it possible for the government to own and control the chartered banks as well as the Central bank.

It is high time that the government inserted itself into the whole financial system of the country; there is ample reason for this to be done. It has been refused up to the present, but it will not be long before the government realizes that this is its only hope of salvation. Every private company and every public company, when it is incorporated, should allot to the government some proportional equivalent of its paid up and authorized capital. If I have a large tract of land and intend to dispose of it in lots or in small acreage, I cannot do so unless I first give to the government for roads and highways some portion of my property. If a man dies and leaves an estate, part of that estate is immediately claimed by the government. If a man buys foreign goods, those goods cannot come into the country until some duty on them is paid to the government. There is no part of our public or industrial life from which the government is not taking something as its share. But in the matter of finance nothing has yet been attempted, and whenever it is talked about the cry is raised, "hands off finance." But we shall have to come to it.

For these reasons, and because I feel that only in this way can we bring to the people a sense of the real responsibility which we have as people, I am prepared to vote for this resolution.

Mr. H. E. BRUNELLE (Champlain): I have listened with great interest to the speech which has just been delivered by the mover of this resolution, the hon. member for Rosetown-Biggar (Mr. Coldwell). In one of his previous addresses he said that environment had a great deal of influence on the opinions of the people; and probably because I sit on the same side of the house as he does, although I do not share his political views, and because I hold some ideas closely related to what he has just expressed, I find myself almost in accord with what he has just stated. I was a little surprised that my hon. friends the member for Rosthern (Mr. Tucker) and the member for Saskatoon (Mr. Young) did not agree with the resolution, because after all it says only that the government should "consider the advisability" of national ownership.

I have great faith in the present government. I am certain that they will be ready to consider the advisability of controlling our central bank as well as the other banks. I am not in principle in favour of public ownership, and I take the accomplishments of the Canadian National Railways as a sufficient warning. But I think we need credit, and it is essential that credit restrictions should be ended. By refusing or by granting a loan a bank has almost daily the great responsibility of either keeping a man or an industry functioning or bringing bankruptcy to the door of that man or that industry. I realize that currency and credit are very important and complicated matters, but I think we all know enough to realize that easier and better credit would do a great deal to help our financial recovery. Our bank reserves are increasing; bank deposits are increasing, and I must say that at the same rate bankers' free advice to the public

is increasing. Good enterprises have been forced out of business for lack of credit. If bank loans were more freely given out they would help in all spheres of our life towards the financial recovery of Canada, because the amount of credit has been at all times and in every country a controlling and dominating factor. Since the banks have the privilege of creating money through the facilities that the government has given them they should do more to help to accelerate our business and our trade. Bankers should not have so much say in the framing of our monetary law. After all the business of banking is not such a wonder, not really such a mystery; as I have heard it said, it is only a bookkeeping system whereby the privileges of the government and the deposits of the people are at the service of the bankers.

I do not believe in the slogan "share the wealth." I think it would kill initiative. Initiative is the creator of hope, of ambition and of happiness. But when we come to deal with a question as important as that of credit we ought to know who is to be the master in our country. Many of our great leaders have stated that the bankers should not have so much to say in the preparation of our monetary or fiscal laws and measures. It is the government of the country that should dictate those laws and measures in the interest of the people.

I intend to say no more than that I am in favour of the present motion, because it only asks the government to study the question whether our banks, the central bank and the chartered banks, should be owned and controlled by the government. While the government is studying these laws something should be done to lower the banks' rate of interest from seven per cent to five or possibly four per cent. I believe the banks in the meantime should discharge their enormous responsibility in a worthy manner; that they should do their share to promote our commercial recovery, and that they should set an example of true and practical patriotism by giving a freer line of credit to our traders and to the directors or heads of our commercial institutions.

Mr. R. A. PELLETIER (Peace River): In speeches on this motion to-day there have been statements made which certainly need correction. In particular the hon. member for Rosetown-Biggar (Mr. Coldwell) stated that he was not one of those who believed that credit flowed simply from the point of a fountain pen. In order that there may not be any belief that certain people in the house have any idea of supporting such a view I should like to place on the records of Hansard the social credit definition of what real credit is. I have as my authority The A B C of Social Credit. This is what it says with reference to that particular subject:

> Real Wealth—Real Credit—Financial Credit
>
> And yet with the facts staring us in the face, the preconceived idea that money is something tangible still persists. Some of us, like the most uncivilized savages, have made of it the fetish before which we pay our vain oblations. Money is not God, nor is it even a commodity. You cannot eat it, wear it, or live in it. Yet it remains a mental fixation with some of us that money itself is wealth. Money is not wealth. It can be considered as wealth only in so far as it can be exchanged for such goods or objects as we may desire. (A bag of gold in the desert would little avail us.) The real wealth of any nation is its ability to produce and deliver goods (including services) as, when, and where required. Similarly the real credit of a nation is the belief in that ability, whereas the financial credit of a nation is quite simply the estimate of that ability expressed in monetary form, or as it is called, "monetized."

That is how we define credit, so I would not want it to be said that certain people hold the view that credit merely flows from the point of a fountain pen. I was glad to hear the hon. member for Rosthern (Mr. Tucker) say that the people of Canada who supported the Liberal party in connection with that particular plank of their platform certainly expected that party to deal with the central bank just as has been suggested in this resolution; I know the people at large had that in mind. I should like to add that if the resolution also contained these words, "With the object of controlling the credit and currency policy of Canada" instead of referring to private banks, it would become a different proposition and would be exactly in line with the remarks made by the hon. member for Rosthern. If it is the intention of the government to introduce at a later date legislation which will have that end in view, I am quite prepared not to support the motion and to wait until the government carry out the promises they made to the people of Canada during the last election campaign.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, we are continually reminded that we should talk less and say more; if we did so we would not have so many empty seats in this chamber.

I am not prepared absolutely to support this motion because it suggests that the government should take over the control of all money. If that should be done we would not keep very much money in our pockets or in our houses, and I am not prepared to go as far as that. I like to have just a little bit of money that I can call my own. If the

mover would cut the tail off this resolution I would support it because, as the hon. member for Saskatoon (Mr. Young) has said, we campaigned on the issue of a national bank, nationally owned and controlled, and as far as I am concerned I am prepared to put into effect the platform on which we went to the country.

Mr. JOSEPH NEEDHAM (The Battlefords): Mr. Speaker, I should like to say just a word or two in connection with this resolution. The hon. member (Mr. Coldwell) who moved it would give the impression that the group to which I belong are not in favour of public ownership; much stress was laid on that point. I should like to remind the house that our leader in Alberta said that if they could not get the cooperation of the banks they would establish their own state credit house, so there should be no misunderstanding in that regard.

I was wondering why we should spend our time discussing a resolution of this nature when the government are pledged to bring down legislation in regard to banking. It seems to me that it would be far better to dispose of this resolution as quickly as possible—indeed, it never should have come up—and then wait for the government to bring down the bill which we can discuss on its merits.

I was pleased to hear the hon. member for Rosthern (Mr. Tucker) say that fifty per cent of those who supported the Liberal party at the last election had done so because of the statement that the Liberal government would take over and control the Bank of Canada. I believe that if the people of this country had possessed confidence and faith in the Liberal party there would not have been any social crediters here now, or socialists either for that matter. If the Liberals had kept pace with the progressive changes that have taken place in every walk of life there would have been no third and fourth parties sitting in the house. We are here because of the protests of our constituents in regard to these matters.

It is evident that Canada cannot carry on indefinitely as it has been carrying on for the past number of years. The other day in the house a question was asked and answered as to how much interest this country has paid on its debt since confederation. The debt was given as $2,895,124,262.99; the interest paid amounts to $2,823,245,404.93, so that our present debt just about equals the amount of interest that has been paid. If any hon. member cares to look up the Canada Year Book he will find that in almost every year since confederation, when the debt stood at $75,722,624, there has been an increase in our national debt. I wonder how many of us who run businesses could carry on a business on that basis. We would soon be looking for the leakage; we would have to change our method of doing business if we went into debt more and more, year after year. So the time has come, in fact it is overdue, when this country will have to make drastic changes in its financial system, and I for one am anxiously waiting for the government to bring down the bill in connection with the control and ownership of the national bank. I think that is what we should be discussing to-day.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, I have come to the conclusion that it would be well for me, as the representative of a portion of this dominion, to place myself on record as to how I stand in regard to a publicly owned and controlled bank. I can do this with the greatest of ease because I was elected to support the present government, which stands for a publicly owned and controlled bank. I do not think we need to discuss that; we may leave it safely in the hands of the present government. Faced with a resolution worded as the one before us we are placed in a rather awkward position. Why did not the hon. member who introduced the resolution limit it to our national bank? Why did he bring in the private banks? I hold no brief for the private banks; I have done business with them for many years and have always found them good people with whom to do business. I have always paid them what I owed, and for that reason I had no difficulty with them. But with respect to a Canadian bank, a national bank for Canada, I would recommend that the government or anybody interested in the institution invite private interests and private bankers of Canada to keep their fingers out of this particular pie. Let us have a real nationally owned and nationally controlled bank. That is what I believe the Liberal party stands for. Therefore I cannot support the resolution in its present form, but I stand four-square for a nationally controlled and nationally owned Canadian bank.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I do not intend to take up much of the time of the house in a discussion of a resolution which, I imagine, hon. members would not expect me to view with favour. I need not discuss at length the first part of the resolution, because the speech from the throne gave ample indication of the fact that the government is and has been considering the question of ownership

and control of the Bank of Canada. From the interest displayed by hon. members in all sections of the house in all monetary and financial matters it is quite apparent to me that no government could avoid considering the matter, even if that were its desire; and this government does not wish to avoid considering it. I am sitting at the feet of many Gamaliels with respect to matters of finance, currency and economics, and I shall give such consideration as I am capable of to the Hansard report which will contain the various ideas submitted for lifting this country out of its difficulties.

Mr. MacNICOL: But do not adopt them.

Mr. DUNNING: As yet I have not heard anything new. That is not a criticism of the ideas expressed, but is merely an illustration of the old saying that there is nothing new under the sun. Since means of exchange were first devised between man and man, situations have arisen which have developed the kind of suggestion we have heard to-day and on previous occasions this session. I hope the mover of the resolution (Mr. Coldwell) will not misunderstand me when I compliment him upon his manner of presentation. If I may be permitted to say so, it was a happy change from the type of argument we have heard from that corner of the house to the effect that those who agree with the speaker and with the platform of the Cooperative Commonwealth Federation are friends of humanity, and that all others are its enemies. The hon. member for Rosetown-Biggar (Mr. Coldwell) got away from that type of argument, and addressed himself to the subject matter of his resolution.

I shall not attempt to go into all the intricacies of finance, but shall content myself by saying that I do not believe it would be in the interest of the people of Canada for the state to take over and operate the chartered banks of our country. I shall state briefly my reasons for that belief.

Apart from all considerations of a financial nature in the operation of financial institutions, I believe that the institutions of parliament and government have quite enough on their hands successfully to handle that which the constitution of Canada commits to their care, without trying to run all the business of the country from this chamber. Moreover, I do not believe that the machinery which has been developed through the years to enable people intelligently and properly to govern themselves in a representative assembly of this kind is the kind of machinery most effective for conducting the ordinary operation of any kind of business. One needs only to listen in this chamber to the multitude of counsel with respect to any matter in order to understand how impossible and impractical it is for this to be an executive body. In fact, sir, we recognize that in our very institutions; we recognize it in the principles of cabinet government and the manner in which our British system relates that government to the legislative body, in the responsibilities which it places upon one and the checks it places upon the other. We see it in the provision demonstrated here every day whereby a proposal to expend public money or to tax the people must emanate from a minister of the crown, and be preceded by a message from His Excellency the Governor General. What is that but a check? It is a deliberately devised check, and one needs only to attend the sessions of legislatures in countries which do not have that kind of check, or one similar, to realize the very grave difficulties of attempting to charge a legislative body with any degree of executive responsibility.

"Oh," but you say—and I know the mover would say, and sincerely—"it would not be our intention to have parliament run the chartered banks; there would be a board." Yes, sir; that is the condition created as a result of the state going into business. Parliament creates a board to run this, and another board to run that, and so we have a series of bureaucracies operating the business of the country. I am not one who believes that private business is perfect. Like every other human instrument it is just as perfect as the individuals composing it; even parliament suffers from that limitation. Bureaucracy is subject to just the limitations of the individuals composing it. But, sir, it is subject to something more than that. A bureaucracy operating within a democracy, a series of boards operating the business of the country, have a tremendous self-perpetuating power. Think it over; they have a tremendous self-perpetuating power. One only needs to read the current history of countries which have developed this bureaucratic system which is advocated in the resolution now before the house in order to make a choice between maintaining to the utmost degree the kind of freedom which we enjoy in Canada, and bureaucratic control.

Mr. HEAPS: Has not parliament some control of the banks at the present time?

Mr. DUNNING: Of course, but this resolution intends that the government shall operate the banks or that they shall be operated through government instrumentality. Of course it is the function, indeed, it is the duty of this parliament, properly to control all

business and see to it that laws are put on the statute books and administered by the courts to ensure that business, and indeed our whole population, either as individuals or in their corporate capacity, shall keep in order and treat each other fairly. It is our business to make laws to ensure fair treatment as between man and man, as between institution and institution, as between individuals and institutions. But I submit, sir, that we should be losing something which is most precious in our national life if we so far sacrificed the kind of freedom to which I have just been referring in favour of setting up bureaucracies to run our chartered banks and our other business institutions. I do not know where we would stop if once we started that, and I am quite sure that the final result would be much worse than anything through which we have passed.

I do not wish to be misunderstood or misinterpreted as I am afraid my hon. friend from North Winnipeg (Mr. Heaps) was about to misinterpret me. I do not wish to be understood as indicating that any individual or any institution in this country should be free to do as he or it likes—far from it. It is our business to regulate by statute law the relationship between man and man, between industry and industry, and individual and industry, and that in all conscience, Mr. Speaker, is a big enough task. It is for that reason that I am against this resolution or any other similar resolution proposing to take over, without regard to anything else but the establishment of a socialistic state, the operation of business within Canada. We have gone far already in this country, and we may be compelled to go further, but for my part the going further will be slow.

As I said at the outset, I am opposed to the resolution in its present form, but in so far as it relates to the Bank of Canada the government is giving consideration to that question; and it will continue to do so.

Mr. T. J. O'NEILL (Kamloops): Mr. Speaker, it was not my intention to speak on this resolution, but before the question is put to the house I should like to make clear where I stand on monetary reform.

I am in accord with the resolution up to a certain point, and that is where it declares for the national ownership and control of the Bank of Canada, and if the resolution stopped there I would be prepared to vote in favour of it.

I am not prepared at the present time to quarrel with the mover of the resolution (Mr. Coldwell) as to whether or not it should be adopted in its entirety, nor am I in a position to quarrel with him to-day as to whether or not we should adopt a socialistic state in this country. But I do not believe it would be in the interests of this country to adopt a socialistic state at the present time, and if I had the power in my own hands to establish a socialistic state right now I would not do so.

I do submit, however, Mr. Speaker, that the issuance of currency and credit should be absolutely in the hands and in the control of parliament. I submit also that we shall never have, and never can have, any prosperity that is permanent in its nature so long as private individuals control the currency and credit of the country. You cannot have prosperity under those conditions. At the present time the taxation that is necessary to meet the interest on our bonded indebtedness and sinking fund takes almost fifty per cent of the money that we collect in taxation. How are you going to continue if you go on borrowing the money from private individuals owning and controlling the currency and credit of the country? How are you ever going to get out of debt? How are you ever going to do the things that are required by the people of this country as long as you have to pay tribute to private individuals to use something that belongs to the people? You can never have any permanent prosperity under that system.

As I said at the outset, I did not intend to speak on this resolution; I just wanted to make my position clear. Much time has been taken up discussing things that will all be the subject of discussion when the budget is brought down, and when the budget is brought down I am as firmly convinced as it is possible for any man to be that the Liberal party will bring down legislation that will bring about national ownership and control of the Bank of Canada. I firmly believe that, and I was elected because of the belief of the people of my constituency that the Liberal party had promised something of that kind. When the time comes, if the Liberal party are not prepared to bring in such legislation, then I am afraid I shall have to vote against the party, much as I should hate to do so. That is all I have to say at this time, Mr. Speaker, but when the question comes up of the national ownership and control of the Bank of Canada I shall have a good deal to say about monetary reform.

Mr. COLDWELL: Mr. Speaker, I should like to reply very briefly to some of the points that have been raised.

First I want to thank the Minister of Finance (Mr. Dunning) and hon. members opposite for the reception which this resolution has received to-day. Whatever disposition may be made of it, it has I think served a useful purpose in arousing a discussion and a frank statement by the Minister of Finance. I quite agree with him that an institution like parliament cannot be charged with the responsibility of running a bank or any industrial or business institution. It is unfitted to cope with such a task, but may I point out that no one suggests that. Those of us who hold the view that we have consciously to plan and integrate our economic life believe that subject to the statutes and powers laid down by the representatives of the people through the institution of parliament, those who are best able to plan and control the various financial and industrial institutions should be charged with that authority and that responsibility. The late government selected as governor of the Bank of Canada a man who is competent and skilled in the banking business, an able banking official. He understood the machinery he was to operate. I think it is along these lines that society will travel.

The cry against the number of bureaucracies running the country is generally raised whenever a measure of this description is proposed. Some years ago I looked up the speeches of Cobden, Bright and John Morley, who in their day and generation served Great Britain and society well. Again and again through those speeches I found that fear in connection with the proposed control of the bitter difficulties under which the people of Great Britain were suffering at the hands of the newly created industrialists. That particular cry does not frighten me at all. One of the criticisms levelled against the present situation is that we are governed by bureaucracies unseen and independent and, as the leader of our group sometimes terms them, irresponsible. They are irresponsible in the sense that they are not responsible to anyone but their own shareholders. I believe our financial bureaucracy is the greatest of them all and one which is perhaps responsible to a larger measure than any other for the conditions facing us to-day. The minister said that we might be compelled to carry out some of these proposals in the near future. I think we shall be, but I would like to believe that the people of this nation and of the world are becoming intelligent enough to be able to anticipate compulsion so that compulsion will not be necessary. Compulsion is always disagreeable and sometimes changes brought about by compulsion act in a manner which many of us deplore.

So many hon. members have said that if the resolution stopped with suggesting public ownership and control of the central bank they would vote for the motion, but I may say that the reference to the chartered banks was designedly included in the resolution. Even if we have a government owned institution, even though our central bank may exercise, as such institutions undoubtedly do in certain other countries, a measure of control, I believe the actual lending and other operations of the system will remain in the hands of the chartered banks. To the chartered banks will be left the actual decision as to what loans shall be made, as to what industrial enterprise is to be supported, as to what speculative business is to be carried on. I am not denouncing the bankers, but the fact remains that they are human and are looking out for their own welfare and profit and at times the preservation of the great interests with which they are themselves connected. I paid particular attention to the last hon. member who spoke (Mr. O'Neill), who said that he believed there would be no prosperity as long as private individuals controlled our currency and credit. As long as the chartered banks remain in the hands of private individuals, so long will prosperity be deferred because, as I said a few moments ago, these bankers make the actual decisions regarding loans and credit.

Motion (Mr. Coldwell) negatived on division.

RIVIERE-DU-LOUP HARBOUR

PROPOSED WORKS TO FACILITATE TRANSPORT OF COAL BY WATER

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved:

Whereas the city of Rivière-du-Loup is the most important centre in the eastern part of the province of Quebec;

And whereas, the harbour of said city is free from ice in winter, and navigation is possible at all times of the year;

And whereas, the said city is a divisional point of the national railways and the terminus of the Témiscouata railway, which links the said city to the province of New Brunswick, and to that part of the national railways known in the past as the transcontinental;

And whereas, the national railways are still in possession of the branch line of Rivière-du-Loup station to the Rivière-du-Loup wharf;

And whereas, the transport by water of coal from Nova Scotia to Rivière-du-Loup would be much more economical and would permit of its

distribution at a lower cost in eastern Quebec, in the northern part of New Brunswick and the state of Maine;

Therefore be it resolved, that, in the opinion of this house, the government should appoint experts to study the matter from every angle and report to the government as soon as possible.

He said: Mr. Speaker, in order to be very brief, because I have learned that action is preferable to speeches, I would refer the house to Hansard of April 27, 1931. Hon. members will find there a debate on a similar motion and also a very good reason why they should adopt this one. That motion was voted down by the then Prime Minister (Mr. Bennett) and fourteen or fifteen of his ministers who voted against it. Therefore, it must be a very good measure and I recommend it highly to the house. I shall not say any more, as I am sure that the Minister of Railways and Canals (Mr. Howe), who is also Minister of Marine, will accept this resolution.

Hon. C. D. HOWE (Minister of Marine): Mr. Speaker, the subject matter of this resolution is somewhat of an upset to one who thought he knew the geography of Canada very well. In view of the representations of the hon. member, I feel the department will be justified in having a report made of this matter. I shall endeavour to do this as soon as it can be done without the use of ice-breakers.

Motion (Mr. Pouliot) agreed to.

PACIFIC COAST SHIPPING

DESIRABILITY OF ENCOURAGING EMPLOYMENT OF WHITE SEAMEN IN PREFERENCE TO ORIENTALS

Mr. THOMAS REID (New Westminster) moved:

Whereas, great numbers of Canadian seamen on the Pacific coast of British Columbia are out of employment and in many cases destitute;

And whereas, owners of ships and vessels of Canadian registry on the Pacific coast of British Columbia give employment in large measure to seamen, cooks and engineers of oriental origin;

And whereas, other countries give greater consideration to the employment of their own nationals on ships and vessels belonging to their own country;

And whereas, the Canadian government grant large sums of money to the owners of ships and vessels by way of subsidies;

And whereas, it is desirable that every encouragement be given for the employment of officers, seamen, cooks and engineers of white Canadian citizenship in preference to those of oriental origin on all Canadian owned and registered ships and vessels;

Therefore be it resolved, that, in the opinion of this house, the government take such steps as will provide for employment of greater numbers of white Canadian citizens on all ships and vessels of Canadian ownership and registry, the owners of which receive sums of money from the public treasury of Canada.

He said: I did not expect this resolution to be called to-day, and so perhaps I am not as fully prepared to discuss it as I should otherwise be; but inasmuch as I have introduced it now for the third time perhaps it will not be necessary for me to make as extended remarks as I have made on previous occasions.

The resolution is sufficiently self-explanatory, but before I get through I shall ask the courtesy of the house to allow a slight amendment, because the resolution as it stands does not go as far as it should. The resolution asks that the government shall take:

Such steps as will provide for employment of greater numbers of white Canadian citizens on all ships and vessels of Canadian ownership and registry, the owners of which receive sums of money from the public treasury of Canada.

I am going to ask that the words "of Canadian ownership and registry" be deleted. That would mean that all steamship companies receiving subsidies from the Canadian treasury would be required to employ greater numbers of white Canadian seamen. I am going to propose this amendment because, looking into the matter more closely, I find that operating in this country are large steamship companies whose vessels are registered in London, so that if I did not delete the words "of Canadian ownership and registry" the result would be that only those shipping companies whose vessels were registered in Canada would come within the terms of the resolution.

The first recital of the resolution is:

Whereas great numbers of Canadian seamen on the Pacific coast of British Columbia are out of employment ...

I do not think any hon. member will dispute that.

And whereas owners of ships and vessels of Canadian registry on the Pacific coast of British Columbia give employment in large measure to seamen, cooks and engineers of oriental origin ...

I realize that there are perhaps hon. members who do not see eye to eye with me in regard to the employment of white Canadian seamen as against orientals. I am not asking that no orientals be employed, because I know that on ships operating between China and the Pacific coast it may be necessary that some orientals be employed to take care of oriental passengers. But here we find the country paying out, as it did in 1931, some $900,000 by way of subsidy to a steamship company which employs at least 480 orientals on each steamer and with only the nucleus of a white crew in charge.

I submit that it is just about time we took more serious note of the situation. I think every hon. member will agree with me that it is only fair for us to begin to look after our own people first. Practically every other nation in the world has some stipulation with respect to its own nationals. It will be found that on ships subsidized by the United States the companies are called upon to have 100 per cent American crews; and the governments of Norway, Japan, China, Australia and other countries insist upon the employment of their own nationals on their own ships. These countries pay greater attention to that point than we do.

The steamship companies in Canada declare that they cannot get along without all these orientals, but I would point out that from 1921 to 1930 no such large subsidies were given to these companies as we gave from 1930 to 1935, and they operated just the same. I am not forgetting also that we have more than 2,000 white Canadian seamen idle on the Pacific coast, and it is galling and very ill-becoming for high officials in this land to say, as some of them have done, that our own seamen are not as good as those from other countries. I take particular exception to that statement. The Prime Minister (Mr. Mackenzie King) not long ago pointed out that, at one time in this history of Canada, Canadian ships sailed the seven seas, but to-day we have practically none. Most countries to-day are learning that it was unwise not to pay some attention to shipping and maritime craft. If we are to be guided by those nations that are now taking cognizance of that fact, where shall we find the men to man ships in the future if we are to give preference to people born in countries across the Pacific?

When I introduced this resolution on a former occasion the then Minister of Trade and Commerce argued that the men employed by the Canadian Pacific Railway Company on these large ships were British subjects from Hongkong. Well, anyone who has taken a little time to look into the exact situation in Hongkong will hardly make that statement very seriously. For the information of the house I might perhaps indicate how these people are engaged.

There is on board these ships a No. 1 man, a Chinaman, who on his arrival at Hongkong picks up a crew. Hongkong is a large city and it has only a small white population. I understand that there is practically no barrier in the city between the oriental population and Europeans, and for the No. 1 man to hire men in that seaport and then have the argument advanced that because they are hired in Hongkong they become British subjects is to carry the point altogether too far. As a matter of fact, when the vessel docks guards are put around it to see that these men do not leave the ship.

As the hon. member for Vancouver East (Mr. MacInnis) has truly said, these men are engaged because their labour is cheap; but when the steamship company says that it cannot discontinue the hiring of orientals because otherwise the cost would be too great, I dispute that statement. If they had 100 per cent white crews on these vessels I doubt whether they would engage 480 men plus officers, as we find on each of the two steamers plying between the Pacific coast and China.

The statement has been made that if orientals are not employed our trade with China might be impaired. But let us look at the situation in Australia. They do not allow orientals to unload a cargo there, and there is a barrier in the language test to keep out orientals; yet the trade returns as between Australia and Japan and China will show that Australia has done more trade in the past few years than we have. For the benefit of the members of the house I might point out that last year subsidies were paid as follows: British Canadian Steamships, on the China service, $118,000; on the Silver-Java-Pacific line to South Africa, $84,000. Those payments to the company were made to encourage the movement of lumber, and when I made the statement in the house that I believed money was being handed out without very much consideration the then Minister of Trade and Commerce took it upon himself to send my speech to almost every lumberman on the Pacific coast. They in turn chided me for making such remarks, but may I point out that although the Silver-Java line were receiving $84,000 yearly to encourage the lumber industry they were actually charging three dollars a thousand more for lumber than the rate at which it could have been taken by other ships, and, due to the question having been brought up in the house and the department going into the matter, that steamship company then lowered their rates three dollars a thousand.

Then take the Canadian Australasian line, $200,000. By the regulations of the department two-thirds of the crew must be British. On the China and Japan service we gave last year a grant of some $690,000, and it is remarkable that in the agreement entered into be-

tween that company and the trade and commerce department the clause relating to seamen, officers and crew has been entirely left out, or, shall I say, rubbed out. In most of the others, if not all, there is some clause with regard to the hiring of officers and engineers. For instance, in connection with the subsidy to the British Canadian Steamships there is a clause relating to officers and engineers. A majority of all officers and engineers of the Silver-Java line have to be British. As regards the Canadian Pacific line between China and Japan there is no such clause at all. The steamers Niagara, Makura and Marama, of the Canadian Australasian line, which receives $200,000, must carry a crew two-thirds British. Of other lines receiving subsidies, some have clauses with regard to the hiring of seamen and others have not.

I think this resolution should commend itself to every hon. member and to the country. In plain language it is just about time we began to look after our own people. The reason the word "white" is inserted is, as I explained at the outset of my speech, that when men are hired from Hongkong the statement is made that they are British subjects. Some nationals on other steamship lines belonging to other countries are called upon to produce their birth certificates. It would be interesting if some clause were put into our agreements requiring that Chinese who are engaged at Hongkong shall produce their birth certificates, that is if they have one at all.

Mr. WOODSWORTH: May I ask the hon. gentleman whether these people from Hongkong would be Canadian citizens? They would be British subjects, but not Canadian citizens.

Mr. REID: No. I have had that question put to me many times. The argument has been used in the house about Chinese from Hongkong being British subjects. I have seriously disputed that statement. As I pointed out, Hongkong is a large city, predominantly Chinese, with a European quarter, but how could any man say that a Chinese, simply by being hired in the European quarter, became a British subject? I believe that is pretty far-fetched, and I have disputed seriously and will continue to dispute the statement that the orientals in these ships are British subjects.

Mr. WOODSWORTH: In any case they would not be Canadian citizens.

Mr. REID: They would not be Canadian citizens. In my resolution I am asking that every preference be given to Canadian citizens. I hope hon. members this year can lend support to the motion. I know very often there is talk of brotherhood and of not raising racial barriers; yet I think it is inherent in us that we first of all have a little charity towards our own people. They should come first, in my opinion, especially during these troublesome times when over two thousand of our own Canadian fellow citizens are walking the streets in the cities of New Westminster and Vancouver.

I do not want to labour the matter at length nor to wander in great detail into figures. This matter came before the house last year and was referred to a committee. During the time the matter was being discussed in the committee, legal representatives of the Canadian Pacific railway, I think, and other steamship companies appeared before that committee and wanted to make representations on behalf of their companies. This I objected to at that time unless representatives from the seamen's union were also allowed to come before the committee so that it might hear the two sides and in fuller detail. Immediately that suggestion was made the representatives of the companies withdrew their request. If the house has any doubts on this matter, or if the minister is not prepared to accept the resolution as it stands on the order paper, I should like to see the matter again gone into before that committee, and every opportunity given to the steamship companies to lay their views before it, with the proviso, however, that the seamen be brought before the committee so that they can combat or refute statements made by the shipping companies and so that every piece of information regarding the matter shall be placed before the members.

I have not taken time to go into the total numbers engaged in all those ships, but it runs into many thousands. As I have pointed out, it is just about time that we became sea-minded. We are becoming air-minded. We have two great coasts, the Atlantic and the Pacific, and yet we are forgetting entirely the encouragement of those men whose calling is to go down to the sea in ships. There is an inscription above the door of this building:

> The wholesome sea is at her gates
> Her gates both east and west

It cannot be very wholesome so long as we allow companies subsidized by this country to hire hundreds of orientals in Hongkong who in large measure displace our own good Canadian seamen.

Mr. DANIEL McIVOR (Fort William): Not knowing this matter was coming up, I am not so well prepared, so perhaps I shall not be so brief. I will support this resolution if representatives of the seamen's union will have an opportunity of bringing other abuses before the committee. While we at the head of the lakes have not so much water, we have a number of difficulties, three of which I should like to have considered: First, when a young man is employed on a boat quite often he does not get a round trip. He is a long way from home and he has to ride the rails back. I could speak at length on that point, but it is not necessary. Second, the wages paid on our Canadian boats are not in keeping with the needs of our men nor with the wages paid by other companies. Third, when our seamen have to pass examinations for promotion, we suggest that at the head of the lakes examinations be held or transportation be paid for those seeking promotion.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, in saying a few words on this resolution moved by the hon. member for New Westminster (Mr. Reid), I should like to commence by stating that I have two objections to it, though I do not wish to convey the idea that I am opposed to the sense of the resolution itself.

My first objection is that it goes too far; my second objection, which may sound rather paradoxical, is that it does not go far enough. I think it goes too far when it designates by colour the kind of Canadian citizens who are to be employed, and it does not go far enough when it does not suggest the condition under which these Canadian citizens are to work on ships in receipt of assistance from the government of Canada. I remember that when I was much younger than I am to-day I spent a few years in the United States, where I noticed that the negro was not in the same position, as far as citizenship was concerned, as were the white residents of that country. I took great pride to myself, being a Canadian and of course living within the British empire, because in Canada all citizens were treated the same regardless of race or colour. I hope

[Mr. Woodsworth.]

I was not wrong. I should like to believe that I was right; that colour was not to be considered a factor in Canadian citizenship. I suggest that it is not enough to state that Canadian citizens should be employed in greater numbers; I support the hon. member for New Westminster (Mr. Reid) in that view, but we should remember, when we stipulate that these employees shall be white, we exclude not only people from the orient but also the descendants of people who came to Canada to escape from slavery, who thought they would be secure here, who expected to be on a level with the rest of the community. We are excluding these as well when we use the term "white" in this resolution. We also exclude the Indians, who certainly are Canadians if anyone in this country is a Canadian.

Then in my opinion the resolution does not go far enough when it does not provide that before the government of Canada gives any assistance by way of subsidy or otherwise, it should be satisfied that wages and working conditions on the ships subsidized are satisfactory for white men. Believing this would strengthen the resolution, I am going to move an amendment which I hope my hon. friend will see his way clear to accept. The amendment, seconded by the hon. member for Winnipeg North (Mr. Heaps), reads:

That the motion be amended by striking out the word "white" in the third last line of the motion, and by adding the following words to the motion:

And be it further resolved that all subsidies or monetary assistance by the government of Canada be withheld until such time as the government is satisfied that trade union rates of wages and working conditions prevail for all ranks on such ships.

The substantial part of the motion would then read:

That, in the opinion of this house, the government taks such steps as will provide for the employment of greater numbers of Canadian citizens on all ships and vessels of Canadian ownership and registry, the owners of which receive sums of money from the public treasury of Canada;

And be it further resolved that all subsidies or monetary assistance by the government of Canada be withheld until such time as the government is satisfied that trade union rates of wages and working conditions prevail for all ranks on such ships.

Mr. CAHAN: Have the suggestions made by the mover (Mr. Reid) of the resolution,

as to the amendments he desired, been incorporated in the text of the original resolution?

Mr. SPEAKER: I have not as yet received from the mover the text of his amendments.

Mr. REID: I am very sorry, Mr. Speaker; as I pointed out the resolution came up unexpectedly this afternoon and I did not have time to put into writing the changes I wish made in the motion now before the house.

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

Thursday, February 27, 1936

The house met at three o'clock.

PARLIAMENTARY RESTAURANT

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

That the name of Mr. Barber be substituted for that of Mr. Baker on the joint committee of both houses on the parliamentary restaurant.

Mr. BAKER: I think there is an error. The motion is to substitute the name Baker for Barber. They have sufficient bakers up in the restaurant now.

Mr. MACKENZIE KING: I am simply carrying out the instructions of the whip.

Motion agreed to.

ITALO-ETHIOPIAN WAR

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I beg to lay on the table a white paper in English and in French, containing the documents relating to the Italo-Ethiopian conflict.

COPYRIGHT ACT

Mr. W. K. ESLING (Kootenay West) moved for leave to introduce Bill No. 7, to amend the Copyright Amendment Act, 1931.

Some hon. MEMBERS: Explain.

Mr. ESLING: Mr. Speaker, the American Society of Composers, Authors and Publishers and the Performing Right Society of England, with which are affiliated similar societies in eighteen European countries, organized the Canadian Performing Right Society, and to it assigned their alleged control by ownership and copyright of two million pieces of music. Under the amended Copyright Act of 1931 this society is authorized to issue licences and to collect fees for the performance of any one of these two million pieces of music in a public place. The purpose of this bill is to curb the activities of the society in so far as their fees are deemed to be excessive, and to require the society to furnish to licencees a list of the two million pieces of music of which this society claims ownership either by control or by copyright. One thing to be emphasized is the fact, in accordance with the report of the royal commissioner, that Canadian authors, composers and publishers do not participate in the benefits of the Canadian Performing Right Society.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

LAC SEUL CLEARING PROJECT

Mr. McKINNON (Kenora-Rainy River):

1. What is the total cost of the Lac Seul clearing project from the beginning of the project until the end of December, 1935?
2. How many men day's work was provided?
3. Of the total amount, what percentage was paid in wages: (a) what was the amount for camps and camp equipment; (b) what was the amount of the costs of administration and supervision?
4. How many acres were cleared?
5. How many cords of merchantable pulpwood were salvaged?
6. How many feet B.M. of timber?

Mr. MACKENZIE (Vancouver):

1. $863,237.60.

2. 549,736.

3. Allowances to supervisory staffs and labourers, 23·8 per cent. Wages to skilled labour at prevailing rates, 8·08 per cent. (a) $110,175.28. (b) $195,041.04.

4. 659·7.

5. 2,254.

6. 576,950 feet b.m. in addition to lumber produced for the erection of camp buildings, docks, wharves. etc.

HOSPITAL APPOINTMENTS—NURSES

Mr. BEAUBIER:

1. Are nurses with overseas service during the Great war entitled to preference in making appointments to hospitals under the control of the federal government?

2. Has a matron or nurse recently been appointed to the staff of the Deer Lodge hospital, Winnipeg?
3. If so: (a) was she a registered nurse; (b) had she service overseas in the Great war?

Mr. POWER:

1. Yes, provided the candidate is qualified under the provisions of the Civil Service Act and is physically and otherwise suitable to carry out the duties of the position.
2. Yes. (1) One matron (by promotion); (2) One nurse.
3. (1) (a) Yes; (b) Yes.
(2) (a) Yes; (b) No.

DOMINION HOUSING ACT—LOANS TO PROVINCES

Mr. HEAPS:

1. What was the total amount of loans granted to each of the provinces under the Dominion Housing Act, 1919?
2. What was the amount paid back by each province as at December 31, 1935?
3. What was the amount in default by each province in principal and interest at above date?
4. What was the amount due by each province as at December 31, 1935?

Mr. DUNNING:

1. Prince Edward Island	$ 50,000 00
Nova Scotia	1,537,000 00
New Brunswick	1,525,000 00
Ontario	9,350,000 00
Quebec	7,369,689 62
Manitoba	1,975,000 00
British Columbia	1,701,500 00
	$23,508,189 62
2. Prince Edward Island	$ 18,500 00
Nova Scotia	815,000 00
New Brunswick	864,300 00
Ontario	9,350,000 00
Quebec	4,185,001 90
Manitoba	880,000 00
British Columbia	Nil
	$16,112,801 90

3. Nil.

4. Prince Edward Island	$ 31,500 00
Nova Scotia	722,000 00
New Brunswick	660,700 00
Quebec	3,184,687 72
Manitoba	1,095,000 00
British Columbia	1,701,500 00
	$ 7,395,387 72

SUPERINTENDENT OF PENITENTIARIES

Miss MACPHAIL:

What amount does General D. M. Ormond, superintendent of penitentiaries, receive by way of pension or pensions in addition to his salary?

Mr. POWER:

European War Pension	$ 204 00
Militia Long Service Pension	1,000 92
	$ 1,204 92

ROYAL CANADIAN AIR FORCE

Mr. REID:

1. What was the total number of officers or men taken on the Royal Canadian Air Force during the calendar years 1932 to 1935?
2. What was the number of men taken on from each province respectively?
3. What was the number of men taken on from each of the principal cities in Canada?

Mr. MACKENZIE (Vancouver):

1. Year—	Officers	Airmen	Total
1932	..	..	..
1933	10	1	11
1934	13	79	92
1935	29	164	193
Total	52	244	296

2. Province—	1932	1933	1934	1935	Total
Prince Edward Island	..	..	..	..	..
Nova Scotia	..	..	..	8	8
New Brunswick	..	..	..	2	2
Quebec	..	..	1	3	4
Ontario	..	1	64	122	187
Manitoba	..	..	2	7	9
Saskatchewan	..	..	1	3	4
Alberta	..	..	3	2	5
British Columbia	..	..	8	17	25
Total	..	1	79	164	244

3. City—	1932	1933	1934	1935	Total
Ottawa	..	..	38	71	109
Toronto	..	1	5	3	9
Winnipeg	..	..	2	6	8
New Westminster	..	..	1	..	1
Vancouver	..	..	5	12	17
Quebec	..	..	1	..	1
St. Thomas	..	..	1	..	1
Victoria	..	..	2	2	4
Lethbridge	..	..	1	..	1
Prince Albert	..	..	1	..	1
Halifax	..	..	..	2	2
Montreal	..	..	..	2	2
Edmonton	..	..	..	1	1
Kingston	..	..	..	2	2
Hamilton	..	..	..	1	1
Port Arthur	..	..	..	1	1
Calgary	..	..	..	1	1
Windsor	..	..	..	2	2
Hull	..	..	..	1	1

FARM MORTGAGE LOANS

Mr. PURDY:

1. Have steps been taken to implement the second resolution appearing on page 35 of the report of the dominion-provincial conference, 1935, particularly with respect to: (a) "that the interest upon such loans as have been made, and may be made in the future, be reduced to a rate of 4 per cent per annum"; and (b) "that conditions be relaxed enough to make it possible for farmers to avail themselves of these loans when their security is sufficient"?

2. If not, will such steps be taken?

Mr. DUNNING: Where legislation is required, the intention of the government is made known by the introduction of the relevant bills. The matters referred to are under consideration.

CHAMPLAIN COUNTY AND SETTLEMENT RELIEF

Mr. BRUNELLE:

How many settlers of Champlain county took up land under the act that ensured them a grant of $600?

Mr. ROGERS: Under relief legislation the dominion government has entered into an agreement with the province of Quebec, under the terms of which the dominion, province, and municipality contribute each a sum not exceeding $200 towards the settling on the land of any family which is on relief, or which would otherwise be in receipt of relief. Provision is made for an additional contribution of $33.33 for subsistence expenditures during the third year of settlement by each party to the agreement if the family is not self-supporting at the end of the two-year period.

Selection of settlers is made by a committee which includes representatives of the federal government, the province, and the colonization departments of the Canadian Pacific Railway and the Canadian National Railways. This committee has selected for settlement 976 families with 5,029 dependents, of which number one settler with four dependents is from Champlain county.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LORETTEVILLE HURON INDIANS

Mr. WERMENLINGER:

1. What members of the Huron tribe at Loretteville are in receipt of direct relief, and what was the amount which each person received from January 1 to December 31, 1935?

2. Does the store designated "Bon Marché," of Quebec, sell to the Department of Indian Affairs, goods supplied to the Hurons of Loretteville?

3. Who are the owners of such store?

Mr. CRERAR: Return tabled herewith.

CANADIAN FARM LOAN BOARD

Mr. DOUGLAS:

1. What is the personnel of the Canadian Farm Loan Board?

2. What salaries do they receive?

3. When were they appointed?

4. For what period do they hold office?

5. How may this tenure of office be termir ated?

6. How many applications have been made for loans: (a) by provinces; (b) total?

7. How many applications have been granted: (a) by provinces; (b) total?

8. What is the total amount of money already loaned by the board: (a) by provinces; (b) total?

9. Are applicants required to forward a deposit?

10. If so, how long is this deposit held?

11. How many inspectors are employed by the board: (a) by provinces; (b) total?
12. What are their salaries?
13. What travelling expenses are they allowed?
14. How long has the board been operating?
15. What has been the total cost each month for administration since its formation?

MOTOR VEHICLE ACCIDENTS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, last session this parliament devoted a day to discussing what action could be taken by parliament to prevent the great loss of life and injuries from motor car accidents at level crossings and other places. During 1935 there were 3,087 injured and 50 killed by motor cars in Toronto alone. In view of this great loss of life I ask the government to consider the appointment of a committee, either of this house or a joint committee of both houses, to inquire into this question as was done in England. This committee could make a study and survey and suggest legislation in an effort to abate what constitutes one of the greatest menaces to life in Canada. I do not expect an answer to-day, but I do ask the government to consider taking up this matter as I do not want to move it at another time by means of a substantive motion.

Hon. ERNEST LAPOINTE (Minister of Justice): I shall be pleased to consider the suggestion of my hon. friend. As he knows, highway traffic is under provincial control and the only part which this parliament might play in the prevention of this evil would be perhaps by an amendment to the criminal code. I do not know whether the criminal code is in need of any such amendment, but I shall consider the suggestion of my hon. friend.

TRACTOR PARTS—TARIFF

On the orders of the day:

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, I should like to make a brief statement to the house on the subject of the tariff status of tractor parts. I am informed that this is the season for importing tractor parts and that it is particularly important in western Canada at the moment for importers to know exactly what tariff treatment these parts will receive.

There is an item in the customs tariff, No. 409m, dealing with complete parts. If an article is classified as coming under that item it is entitled to entry duty free. The selection of articles that can be entered under that item is therefore important. The department classifies as complete parts such articles as cylinder head gaskets, manifold gaskets, oil pan gaskets and other special gaskets which are obviously designed for use only as parts of a traction engine. The department also deals similarly with washers, so called, of special shape which are specially designed for use as parts of tractors and which do not lend themselves to other use. However, bolts, nuts, washers, rivets and screws and other articles of general hardware which are more or less of a standard type and are adapted for uses other than as parts of tractors cannot be classified under the provision in tariff item 409m for "complete parts," in view of a decision of the former board of customs in which the provisions in the tariff for "complete parts" are defined. In this regard I should like to place on Hansard a list of these articles that the department classifies as "complete parts." This list is as follows:

L 59 M	Washer
K SP 1182	Gasket
K 4 P 9	Gasket
1603 D	Gasket
K 5 P 1334	Gasket
K 5 P 4545	Gasket
61000	Gasket
PR 1-16	Washer
S 5 P 251	"U" bolt
AS 2 D 485	Bolt
S 5 P 152	Washer
1627	Nut
R 5 P 3087	Washer
F 179	Washer
1693	Screw
MA 1317	Nut
K 5 P 5520	Gasket
K 5 P 685	Gasket
K 5 P 3363	Gasket
K 5 P 2564	Gasket
K 5 P 372	Gasket
K 5 P 2912	Gasket
B 1959	Gasket
K 5 P 5477	Gasket
K 5 P 1306	Gasket
K 4 P 1753	Gasket
K 4 P 4376	Gasket
K 5 P 4439	Gasket
K 2033	Gasket
K 5 P 3734	Gasket
K 5 P 264	Gasket
K 5 P 420	Gasket
K 5 P 3713	Gasket
K 5 P 679	Gasket
B 1960	Gasket
K 5 P 2596	Gasket
1724	Nut
1664	Set screw
1637	Screw
PR1-7	Nut
PR1-5	Gasket
1566	Screw
1662	Nut
1638	Screw
S 5 P 3564	Bolt
A 5 P 3531	Bolt

The department does not classify as "complete parts" the following articles:

S 156	Plain rivet
MA 1005	Lockwasher
1248	Nut
S 157	Bolt and nut
MA 972	Packing material
1086	Cap screw
S 713	Rivet (large)
1777	Wing nut
1592	Wing nut
S 5 P 959	Cap screw

The letters and numbers quoted are those identifying the parts imported by a well-known company in western Canada.

In regard to ball and roller bearings, the ruling of the department in the past has been that in view of the provisions of another item in the tariff, ball and roller bearings are dutiable irrespective of whether or not they are adapted for non-tractor use. The department has reconsidered this ruling within the last few days and we have come to the conclusion that a ruling more in line wtih the true intent and meaning of the customs tariff would be the following:

Complete ball or roller bearings for use as parts of traction engines, including farm tractors, may be dealt with under the tariff provision for "complete parts," when it is established to the satisfaction of the customs officer concerned that the imported bearings are specially designed for use as parts of traction engines, and are not adapted for other uses.

The department is prepared to make this ruling and collectors are being advised accordingly. I think the situation that has developed, particularly in western Canada, in regard to the importation of all these parts is now satisfactorily met by the rulings of the department.

UNEMPLOYMENT

PROVISION OF WORK AND WAGES FOR MARRIED UNEMPLOYED

On the orders of the day:

Hon J. EARL LAWSON (York South): Mr. Speaker, in view of the actions of the government as outlined yesterday by the Minister of Labour (Mr. Rogers) in connection with the providing of employment for unemployed single men now in the relief camps, I should like to ask if the government contemplates taking any action other than the negotiation of trade treaties to provide work and wages for the married unemployed now on relief in the respective municipalities throughout Canada?

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, yesterday I sought to make it clear that the action taken in respect of single, homeless men in relief camps was taken because the government had a special responsibility with regard to these men. I sought also to make it clear that we were not disregarding our responsibility in relation to other unemployed persons. Legislation will be brought down during this session and subsequently which will fully disclose our policies with regard to this whole question.

JAPANESE SITUATION

On the orders of the day:

Mr. PAUL MARTIN (Essex East): Mr. Speaker, before the orders of the day are called, I should like to ask the Prime Minister, as Minister of External Affairs, if, because of possible international consequences, he is prepared or inclined to make a statement to the house with reference to occurrences yesterday in Japan.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I might say to my hon. friend that yesterday the government received from the Canadian minister in Tokyo two dispatches giving a very brief account of the tragic occurrence reported in the press. Nothing has been received from Japan since which has not appeared in the press.

PERFORMING RIGHT SOCIETY

On the orders of the day:

Mr. W. K. ESLING (West Kootenay): I should like to ask the Secretary of State (Mr. Rinfret) if he could supply each member of this house with a copy of the report of His Honour Judge Parker, the royal commissioner who investigated the activities of the Canadian Performing Right Society?

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, the member for West Kootenay (Mr. Esling) was kind enough to notify me of the question he intended to ask. Therefore with the permission of the house I shall table one copy in English and one copy in French of the report of His Honour Judge Parker, appointed to investigate the activities of the Canadian Performing Right Society and other societies having to do with copyrights.

Mr. NEILL: Could not the minister furnish each hon. member with a copy?

Mr. RINFRET: I understand that a copy will be given to each hon. member.

BANK OF CANADA

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I should like to inquire of the Minister of Finance (Mr. Dunning) if each member of the house will be supplied with a copy of the speech made by the governor of the Bank of Canada at the last meeting of the shareholders of the bank?

Hon. CHARLES A. DUNNING (Minister of Finance): I know of no objection to furnishing copies of this speech, and I shall see what can be done to comply with my hon. friend's request.

GREAT LAKES SHIPPING

PROTECTION OF MASTERS AND SEAMEN BY MARKING VESSELS WITH LOAD LINE

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I noticed a few days ago from an associated press report that under legislation adopted by the seventy-fourth congress of the United States all vessels plying on the great lakes of 150 gross tons and over must be marked with a loading line. I understand that this legislation is somewhat similar to the English legislation in connection with the Plimsoll line. Is the government of Canada prepared to grant the same protection to Canadian masters and seamen on the great lakes?

Hon. C. D. HOWE (Minister of Marine): The Canada Shipping Act, which has not yet been proclaimed, contains provisions as to load line; but I may say to my hon. friend that so far as the great lakes are concerned these load lines have no particular significance at the moment inasmuch as the depth of water in the canals limits the load much more definitely than load lines could do for commercial traffic.

Mr. WOODSWORTH: I should still like the minister to answer my question whether our legislation with regard to this matter cannot be at least as good as that of the United States.

PACIFIC COAST SHIPPING

DESIRABILITY OF ENCOURAGING EMPLOYMENT OF WHITE SEAMEN IN PREFERENCE TO ORIENTALS

The house resumed from Wednesday, February 26, consideration of the proposed motion of Mr. Reid, to provide employment of greater numbers of white Canadian citizens on all vessels of Canadian ownership and registry, the owners of which receive sums of money from the public treasury; and the proposed amendment thereto of Mr. MacInnis.

Hon. W. D. EULER (Minister of Trade and Commerce): The motion submitted by the hon. member for New Westminster (Mr. Reid), with the amendment thereto proposed by the hon. member for Vancouver East (Mr. MacInnis), deserves perhaps a few words of comment, although, as the house knows, when the estimates of subsidies for the Atlantic and Pacific services were under consideration last week the question was discussed to some extent. For that reason I need not go into the matter very fully. I might, however, compliment the mover of the resolution and the hon. gentleman who proposed the amendment upon the zeal which they quite properly show with regard to the employment of Canadians on these vessels.

Perhaps I should refer to one or two misconceptions which I think crept into the debate. I think there was some thought in the minds of hon. members that, with regard to the Australian service, orientals were also employed on those ships. I am informed that only white men are employed on them; and in connection with this line, the Union Steamship line which we subsidize and of which the Canadian Pacific Railway is half owner, I am informed that recently twenty-four Japanese oilers and firemen were discharged and it was later discovered that these men were not only naturalized Canadians but were actually receiving union rates of pay.

After the debate the other evening and some of the objections raised in the house with respect to oriental labour, I got into communication with the manager of the steamship line and among other things received the following pertinent information—I will not go into it at any length to-day. He states that in order to replace oriental labour with white labour it would require the expenditure of nearly $800,000 additional; and as the proposed subsidy is only $600,000, it must be quite obvious that unless that subsidy were increased there would be no purpose whatsoever in the steamship company accepting any subsidy. The house would therefore have to decide whether, if it is the desire that all white labour should be employed, we should increase our subsidy to the extent of the added expenditure. To some that may not be very material; they may place above the necessities for economy the desirability of paying higher wages and employing white men.

Further, I am informed that it would require about a quarter of a million dollars to make such alterations in these vessels as would be necessary for the accommodation of white people employed.

One other point made by the management of the line was rather, I admit, a surprise to me. It is of very considerable importance when the merits of the question are being discussed. It is that on the boats in the China and Japan services sixty per cent of the passengers are orientals. I was surprised to hear that the percentage was so large, and the significant fact that suggests itself is that if the personnel of the passenger list comprises orientals to the extent of sixty per cent—my hon. friends from British Columbia will admit this, I think—it would be somewhat difficult to get white men to serve these passengers.

I am not going further into the merits of the question, for this reason: in order that complete information may be obtained—and possibly some of these claims that have been made may be refuted—I move, in amendment to the amendment, the following, seconded by Mr. Elliott:

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

"the question of the employment of Canadian citizens on ships and vessels the owners of which receive moneys from the public treasury of Canada be referred to the standing committee on industrial and international relations."

Mr. NEILL: Would the minister be good enough to allow the insertion of the words "or charterers" after the word "owners"? A good many boats are chartered.

Mr. EULER: I have no objection.

Amendment to the amendment (Mr. Euler) agreed to.

Motion as amended agreed to.

CANADIAN CITIZENSHIP

MOTION TO EXCLUDE FROM CANADA CERTAIN CLASSES OF IMMIGRANTS

The house resumed from Thursday, February 20, consideration of the motion of Mr. MacInnis to exclude from the country all persons belonging to those groups to whom we do not grant the full rights and privileges of citizenship.

Mr. ANGUS MacINNIS (Vancouver East): In closing the discussion on the resolution standing in my name, which was debated on Thursday last, I have not very much more to say, except to take up certain points raised by some or possibly all of those who spoke against the resolution.

I shall first deal with the member for Comox-Alberni (Mr. Neill). The hon. member was, I think, rather spiteful in his remarks on this resolution. He was not in his usual good humour. I do not think that his temper has been improved since he was taken over by the Liberal party. Very possibly his chagrin on this occasion was caused by the fact that, in the language of the street, he is on the spot, that the days of his whispering campaigns are over and that now he will have to face the issue squarely. He accused me of raising a dead issue, an issue which, he said, has been dead for thirty-three years. If that is so, why did he drag up the dead bones during the last election? Why did he rush from the city of Ottawa to his constituency of Comox-Alberni to advertise in an early address that the leader of the Cooperative Commonwealth Federation had stated that he was in favour of votes for orientals? Surely if the issue was dead he could have left it dead, without having to bring it up at that time and for his own special purposes.

He asks us, why not go to the source, that is to the provincial legislature? If the provincial legislature is the source, why was the issue raised in a federal election? I have here a copy of the Comox Argus of August 15, 1935. It gives a report of a speech made by the hon. member for Comox-Alberni to a small audience on August 12. I find that on this occasion, he dragged in this dead issue, something that has been, to use his own words, "dead for thirty-three years." He is reported to have said:

Neither would he agree to advocate votes for orientals at the dictates of Woodsworth. When he first went to Ottawa he had worked hard to stem the stream of Chinese and Japs coming into British Columbia, and had succeeded in stopping the Chinese entirely and reducing the Japs very greatly.

Unaided he did these things. This was the mighty Neill, speaking to his people in Comox-Alberni. Now notice this:

What would happen if they got the vote? They would vote solidly for the man or party who promised them more privileges and a larger quota of immigration.

Mr. NEILL: Hear, hear.

Mr. MacINNIS: So that the hon. gentleman was not only saying that we were in favour of votes for orientals; he also insisted we were in favour of more oriental immigration. Now he has the chance to vote for exclusion, and we will see if he will do it;

we will find out if he is as good as his word, if he will support what he said when he was on the hustings in Comox-Alberni.

Mr. REID: I rise to a point of order. The hon. member for Vancouver East is giving the impression that any one who votes against this resolution is voting for the entry of orientals. I make the statement that he is not putting the matter fairly and squarely before the house, because this resolution—

Some hon. MEMBERS: Order.

Mr. MacINNIS: The resolution speaks for itself. It is phrased very well indeed, and if my hon. friends do not like it, as far as I know there is nothing to do but to lump it. They brought this upon themselves. I did not want to do it. We did not go out of our way to bring this up. They used the issue to serve their purpose, and now that it has served their purpose they want to bury it. Well, we are not going to allow them to bury it; we are going to give it decent burial if it gets one at all.

The hon. member also drew to the attention of the house a statement I made on February 12 when I was speaking in another debate. He read this:

> Note that, sir,—the Liberal party is opposed to giving the orientals the vote. What a wonderful help such a statement will be in their negotiations with Japan to improve trade relations between the two countries.

I stated that in order to show the inconsistency of Liberal propaganda during the last election. I regret that the hon. Minister of National Defence (Mr. Mackenzie) is not in his seat at the moment. One of the principal planks in his election campaign was that of better trade relations with the orient; and yet while he was using that as a plank in his platform, he was going through the country vilifying those orientals who are already in the Dominion of Canada. I was trying to show the inconsistency of it. However I am not going to take up any more time with the member for Comox-Alberni.

As to the hon. member for New Westminster (Mr. Reid), I wish to thank him for the way he approached this resolution when it was last before the house; and when he says that he was in no way connected with the advertising and the literature that I read in the house except that his photograph appeared along with the others, I accept what he said in the terms in which it was said. He states that he does not agree with the preamble. The preamble of the resolution is as follows:

[Mr. MacInnis.]

> Whereas it is detrimental to the best interests of Canada that there should be in the country groups to whom, because of race or religious beliefs, we do not extend all the right of citizenship;

That is quite clear, I think. It says it is detrimental, it is not in the best interests of this country, that we should have in the country groups of people whom, because of race or religion—and I would say, any other reason—we cannot admit into the full privileges of citizenship. If we are to have people come to this country, for what purpose are we going to have them here? Are we going to have them come so that they may be made citizens of this country, and to bring their children up as citizens, or are we allowing them in for some other purpose? Are we going to try to bring in here a sort of inferior or slave class? I do not know. My friend from New Westminster says he is not in favour of the preamble, but I am in favour of it: I am opposed to bringing people in here who will be in an inferior position to the rest of the community, because that inferior position makes them a constant menace to the people whom I represent. That is the reason I take that position.

The hon. gentleman stated that the Cooperative Commonwealth Federation seemed to be losing a lot of sleep over the oriental franchise. Let me tell him that those who have lost the sleep must be those who spent their good money on campaign advertising in connection with this matter. We did not spend any money to advertise our position; we did not need to do it, the Liberal party did it for us. Let me say again that we have not raised this question in any shape or form, neither in the house nor outside the house. As a general principle we believe that every individual is entitled to certain rights and privileges in this country and from that position we cannot back down whether it brings us votes or whether it drives votes away. I am not so sure that my Liberal friends will be so keen on bringing up this question again at the next election, because during the past four years the people of British Columbia have been educated and the force of this movement has been largely spent.

My right hon. friend the Prime Minister (Mr. Mackenzie King) stated that he found it very difficult to understand my real objective. In order that he may have no doubt whatever as to what my real objective is I am going to read the resolution again in its entirety, and I may tell him that my real

objective is exactly what is stated by the resolution:

Whereas it is detrimental to the best interests of Canada that there should be in the country groups to whom, because of race or religious beliefs, we do not extend all the right of citizenship;

Therefore be it resolved, that, in the opinion of this house, the government should take the necessary measures to exclude from the country all persons belonging to those groups to whom we do not grant the full rights and privileges of citizenship.

I brought forward this resolution because I considered this matter extremely dangerous to the peace of the province of British Columbia, perhaps not so much now as later on, when we may have a larger population of those concerned in this matter, when they will be more vocal than they are at present and more ready to defend themselves. For that reason I do not wish to add to a problem that is already sufficiently serious by bringing into this country further immigrants from the countries concerned. Even if this resolution passes the house I do not expect that the government will immediately exclude any or all of those mentioned in the resolution by way of legislation. I assume that the Prime Minister, with his usual care in these matters, will take up the matter in the proper way and point out to the countries concerned the danger involved in allowing more of their nationals to come into this country before we have properly dealt with those already here. If it is done in that way I do not think we should have any great difficulty in dealing with the situation as far as it can be dealt with in that manner. I rather regretted the attitude taken by the Prime Minister the other evening in his statement as to the probable consequences of this resolution in the countries concerned. He said:

Like my hon. friend I deplore very much anything that is calculated to stir up racial feeling, but fortunately so far as political propaganda is concerned it is more or less localized. What my hon. friend forgets at the moment is that people in the orient who have never heard of our political discussions will read his resolution in the morning as a resolution that is being discussed in the House of Commons of Canada, and that makes it a very serious question indeed.

Mr. MACKENZIE KING: Hear, hear.

Mr. MacINNIS: The Prime Minister is not so much concerned about the racial feelings raised within the Dominion of Canada; that is of no great concern to him. But this might raise feelings outside Canada, and that is of very great concern in his mind because, forsooth, it might interfere with trade. I am not unmindful of these dangers, either; I know we should try to minimize them as much as possible, and I stated on the public platform that the Liberal members in and around Vancouver who were so loud in their discussion of this question would not raise their voice about it when they came down to Ottawa, because it would interfere with trade. During the last session of the legislature at Victoria a resolution was placed on the order paper by a friend of the government, not a member of the party in power but a friend of the government, with the idea that it might embarrass the opposition. The resolution was to the effect that it was not in the best interests of the province of British Columbia that the franchise should be extended to orientals. That resolution was not allowed to be debated in the legislature; it was withdrawn, for the reason that they were afraid it might interfere with trade. But the things that were not allowed to be discussed in the legislature and which they would not like discussed in the House of Commons, they are quite willing to discuss on the hustings because they feel that such discussion will not reach the ears of the statesmen in those other countries concerned. Surely that is not statesmanship of a very high order.

Referring to the possible consequences of this resolution the Prime Minister also suggested that the happenings in this country were not of any very great import. Let me read what the right hon. gentleman said in 1924 when this question, in another form, was before this house. I quote from Hansard for 1924, volume 5 at page 4355:

I do not think one need argue the point as to the importance of encouraging Japanese students to come to our universities in order to become acquainted with our standards in matters of civic life; methods of government, and the like, and to return to the orient with those ideas. That, really, is the most effective kind of missionary effort—to let the oriental see the civilization we have, and if, in any particular, we are ahead, to let him carry those ideas back to his people.

Now I should like to ask the right hon. gentleman if those Japanese students and others who were living in British Columbia during the last election campaign would be likely to take back to Japan a high opinion of our standards in matters of civic life. How would the standards appear? Would they be anything after which the Japanese should pattern their civic affairs? I doubt it very much.

I hope that I have impressed the house with the seriousness of this question. I have indicated that it is a question that should be settled, as far as it can be settled, and that it cannot be settled on the hustings; this is the

proper place to debate and settle it. My right hon. friend I think asked at the close of the debate last Thursday if I was going to withdraw the resolution. I am not going to withdraw it, because I have no guarantee that those who raised this issue in 1935 will not raise it again when the next election campaign comes along, and that is not in the best interests of the people of this country. Let me say again that the resolution means exactly what it says. Anyone voting against it votes for the principle that we should let people come into this country to stay permanently to whom we cannot grant the rights and privileges of citizenship. He will also vote for the continued coming of these people into the country. The issue is quite clear; I do not think anyone voting on the resolution need be at all in the dark as to what it means.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I know I should not be in order in pursuing the debate any further, and such is not my intention. Perhaps the house, however, will allow me to renew the appeal, if I may so call it, which I made to my hon. friend the other evening, not to divide the house at this time on a question which is one of oriental exclusion. When I made the appeal I did to my hon. friend a week ago, I stressed how important it is that, as far as the orient is concerned, there should not be added to the difficulties of the present any further problem which might serve to embarrass British peoples and peoples the world over. I believe what has happened in Japan since I last spoke is evidence of the seriousness of conditions in the orient at the present time, and of how sensitive shall I say, some of the citizens of the orient are with respect to what they regard as their rights. It would, I believe, be most unfortunate for Canada and for the present world situation should this parliament be forced to vote on a question of oriental exclusion.

Mr. MacINNIS: I am at a loss as to what the right hon. gentleman would have me do. All he has stated so far is that I should withdraw the resolution because of the serious situation that prevails—possibly not that altogether; I do not wish to put any wrong construction on what he has said. I assure him and this house that I take just as serious a view of the situation as any hon. member does. But what has he to say for the future as far as this country is concerned? What is he going to do; can he give me any assurance of that? If he can I assure him without any hesitation whatever that I will withdraw the resolution.

Some hon. MEMBERS: Question.

[Mr. MacInnis.]

Mr. MacINNIS: If the right hon. gentleman wants to have the resolution remain as it is on the order paper without any further discussion for a day or two. I shall be glad—

Mr. MACKENZIE KING: The question has to be disposed of.

The house divided on the motion (Mr. MacInnis) which was negatived on the following division:

YEAS

Messrs:

Coldwell	MacInnis
Douglas	MacNeil
Elliott (Kindersley)	Marshall
Fair	Pelletier
Heaps	Quelch
Johnston (Bow River)	Taylor (Nanaimo)
Kuhl	Woodsworth—15.
Landeryou	

NAYS

Messrs:

Anderson	Elliott (Middlesex West)
Baker	Emmerson
Barry	Esling
Beaubien	Euler
Beaubier	Evans
Bennett	Fafard
Bertrand (Prescott)	Ferguson
Bertrand (Laurier)	Ferland
Betts	Ferron
Black (Châteauguay-Huntingdon)	Finn
Black (Yukon)	Fiset, Sir Eugène
Blackmore	Fleming
Blair	Fontaine
Blais	Fournier (Maisonneuve-Rosemount)
Blanchette	Fraser
Bothwell	Furniss
Bouchard	Gariépy
Boulanger	Gauthier
Bradette	Girouard
Brasset	Gladstone
Brown	Glen
Brunelle	Golding
Cahan	Goulet
Cameron (Hastings South)	Grant
Cameron (Cape Breton North-Victoria)	Gray
Campbell	Graydon
Casselman	Green
Chevrier (Ottawa East)	Hamilton
Clark (Essex South)	Hansell
Clark (York-Sunbury)	Harris
Clarke (Rosedale)	Hartigan
Cochrane	Hill
Crerar	Howard
Crète	Howden
Damude	Howe
Davidson	Hushion
Deachman	Hyndman
Deslauriers	Ilsley
Donnelly	Isnor
Dubois	Jaques
Duff	Jean
Duffus	Johnston (Lake Centre)
Dunning	King, Mackenzie
Dupuis	Kinley
Edwards	Lacombe
	Lacroix (Beauce)
	Lalonde

Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Lawson
Leader
Leclerc
Lennard
Little
Macdonald (Brantford City)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
MacLean (Prince)
MacLennan
MacMillan
MacNicol
MacRae
McCann
McDonald (Souris)
McDonald (Pontiac)
McGregor
McIntosh
McIvor
McKay
McKenzie (Lambton-Kent)
McKinnon (Kenora-Rainy River)
McLarty
McLean (Simcoe East)
McLean (Melfort)
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
Mallette
Marcil
Martin
Maybank
Michaud
Mitchell
Moore
Motherwell
Mullins
Mutch
Needham
Neill
O'Neill
Parent (Quebec West and South)
Parent (Terrebonne)
Patterson
Perley (Qu'Appelle)
Perley, Sir George
Perras
Plunkett
Poole
Pottier
Pouliot
Power
Purdy
Reid
Rennie
Rickard
Rinfret
Robichaud
Rogers
Ross (St. Paul's)
Ross (Middlesex East)
Ross (Moose Jaw)
Rowe (Athabaska)
Rowe (Dufferin-Simcoe)
Ryan
St-Père
Sanderson
Senn
Sinclair
Slaght
Spence
Stewart
Stirling
Streight
Sylvestre
Taylor (Norfolk)
Telford
Thompson
Thorson
Tomlinson
Tremblay
Tucker
Turgeon
Turner
Tustin
Veniot
Vien
Weir
White
Winkler
Wood—186.

ECONOMIC COUNCIL OF CANADA

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved the second reading of Bill No. 6, to repeal the Economic Council of Canada Act, 1935.

He said: Mr. Speaker, my remarks on this bill will be very short. May I suggest to hon. members that they glance at the explanatory notes on the bill? There are two main reasons for this bill. First, neither this government nor the previous government have attempted to form an economic council. Secondly, there was an item of $20,000 in the estimates last year to cover the expenses under this act, but in the estimates for the coming fiscal year there is not a cent provided for that purpose. I therefore conclude that the government has thought it very wise not to take advantage of this legislation. The people of this country are strongly against it. Either the government or the cabinet is strong and good, or it is not. If the government is not so good, there must be a change. Well, Mr. Speaker, the change occurred on October 14 last, and now this legislation is completely useless. It is like a fifth wheel on a coach, turning idly, and it is just as well to dispense with it. I shall not deal with the matter further; I shall let the bill speak for itself. It is not a money bill; it is simply a lesson in economy. I hope the bill will meet with the approval of hon. members.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Repeal.

Mr. WOODSWORTH: It seems strange that the introduction of a bill to repeal a measure concerning an important policy which was adopted only recently should be left to a private member on the government side. I think we should have some statement from the government in this connection. Last year I was in favour of the establishment of this economic council; I believed it was a move in the right direction. I do not know how the opposition feels towards this bill, but I want to register my protest against what to me seems to be a retrograde step.

Mr. POULIOT: Apparently the hon. member for Winnipeg North Centre (Mr. Woodsworth) has never read the rules of the house. He is always fighting for freedom; he is always claiming he is persecuted by someone, but when a member submits a bill to the house on his own initiative he protests against it. Where is the logic in that action? It is the most absurd performance ever given by the hon. member. He is always fighting for his privileges. Last year when the then Prime Minister (Mr. Bennett) objected to one of his bills he protested with tears in his eyes and thunder in his voice; he claimed he was being persecuted. I know the word "shameful" is not parliamentary, but if it were I would surely use it. I do not use it. I regret that the hon. member has outlived his usefulness in this house as a defender of the people's rights.

Mr. WOODSWORTH: In response to the outburst to which we have just listened, may I say that I urged the other day that the hon. member for Témiscouata (Mr. Pouliot) should have the opportunity of bringing this bill before the house. I think he will recall that. I feel strongly as to the rights of any hon.

member to bring a bill before the house. He has that right and I for one urged that he be allowed the full exercise of it. My remarks were not directed in any sense against the hon. member for Témiscouata; I was addressing them to the government. I stated that it seemed strange to me that a bill of this kind should pass its second reading without a statement being made by the government as to their attitude on this important matter of public policy.

Mr. EULER: Silence gives consent.

Mr. WOODSWORTH: I assume that silence gives consent. That only emphasizes the point I was trying to make, that it was not to be expected that the government would pass over a matter of important public policy presented by a private member, who is quite within his rights, without making a statement as to the policy underlying the whole matter. I think the hon. member for Témiscouata quite misunderstood my position, as I am afraid he does pretty often.

Mr. POULIOT: I should like to say one thing to the hon. member. We are just sweeping out the statute books, and this is a piece of dust we are getting rid of.

Mr. HEAPS: If my memory serves me correctly, this piece of legislation had the support of the opposition of last year.

Some hon. MEMBERS: No.

Mr. HEAPS: My impression is that it passed without division; there was no opposition recorded to the bill. Those who should be defending the bill are the present opposition who really were responsible for it in the first place. I was in favour of this legislation, because I believed that the setting up in Canada of an economic council would serve a very useful purpose provided the right men and women were chosen as members of the council. I think we should have some statement from the minister under whose jurisdiction this would come as to whether he is in favour of repealing a statute of this kind.

Mr. MACKENZIE KING: The measure comes under the Prime Minister. The act provides for the appointment of an economic council to advise the Prime Minister. I am quite satisfied with my own council; I do not think I need an economic council to tell the present government what is necessary in the way of legislation. The government at all times is in a position to command the services of any members of the public service. It seems to me wholly superfluous to have on the statute book a law which obligates the government to bring together a number of the members of the public service and constitute them into an advisory council, when members of the public service have enough to do in their own departments if they are doing their work properly. It is prodigal to add to public expenditures to the extent necessitated by this act. I think the government made its attitude toward the legislation clear when we did not place in the estimates an appropriation for the legislation, and I do not think it is necessary for us to say anything more about it. It is superfluous legislation, and our attitude towards it when the late government introduced the measure was that it was superfluous. However, being a part of the new deal which was being tried out it was allowed to pass. The public has since expressed its view with respect to much of the late government's legislation and made clear its attitude towards some of these measures. The present government does not feel it in the public interest to continue the legislation.

Section agreed to.

Bill reported.

Mr. POULIOT moved the third reading of the bill.

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

COOPERATIVE COMMONWEALTH

CONCENTRATION OF ECONOMIC POWER—PROPOSED PUBLIC OR COOPERATIVE OPERATION OF UNDERTAKINGS FAILING TO FUNCTION IN THE GENERAL INTEREST

The house resumed from Monday, February 24, consideration of the proposed motion of Mr. Woodsworth:

> Whereas, the concentration of economic power in the hands of a comparatively small and irresponsible group has failed to provide security and a decent standard of living for large numbers of our people;
>
> Therefore be it resolved, that, in the opinion of this house, industrial, commercial and financial organizations and undertakings that are failing to function in the general interest should be taken over by the appropriate public authorities and operated as public services or cooperative enterprises.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): When the house adjourned on Monday evening I was about to reply to some of the observations which had been made by various members with reference to my motion. I was rather deploring the fact that a motion

dealing with a new economic set-up could not be introduced without a great deal of irrelevant talk. Again this year, as in some previous years, we have had the question of Russia dragged in. I fail to understand why a member in any section of the house cannot introduce a definite matter that seems to us to be of public concern without having someone rise and talk about Russia, as if this resolution in itself has anything to do with Russia. I am quite prepared to discuss Russia or Scandinavia or Japan on the proper occasion, but I do not think it is necessary to drag such questions into this discussion. I am glad to say that on this particular occasion none of us have been accused of atheism or free love or anything of that kind. I think we ought to learn in this house to discuss matters on their merits.

Again let me point out that a great many members have a very decided prejudice against the economic doctrine generally known as socialism. They have a right to their opinions, but the word socialism is not introduced in this resolution. Personally I have no quarrel with that word; it is a very convenient term that can often be set over against the individualism that now prevails. But the trouble is that there have been so many kinds of socialism in the past that the word lends itself to a great deal of confusion. We have had the socialism of Marx; there has been the socialism of some of the other European countries; we have had the socialism of Hitler, nazi socialism as it is called, the socialism of the bolsheviks and the socialism of the Scandinavian countries; and in England for many years we have seen the socialism of the British Labour party and other varieties such as fabianism and Christian socialism. So that when one uses a general term of that sort he is apt to lend himself to a certain measure of confusion. I have tried to avoid that and have not even mentioned the word.

We in the organization I represent have called ourselves the Cooperative Commonwealth Federation. A cooperative commonwealth is our objective and we seek to attain it by orderly methods, and in this we distinguish ourselves very sharply from a great many of the types of socialism that have frequently been proclaimed. It seems to me therefore hardly fair for anyone to use the word, in relation to us, in a derogatory sense. I have been long enough in this house to know that at least some hon. members do not wish to be unfair. I think it is hardly fair to attempt to rouse prejudices when we have not put up the proposition which hon. gentlemen are trying to knock down.

For example, it has been asserted that we desire to have government ownership of all farms. The Cooperative Commonwealth Federation has never advocated that—never. Other people say, "You are backing away from your position." Not at all; we have never advocated it. It is true that a number of our opponents have said that we have advocated it, and it has been the practice of certain hon. members—

Mr. WOOD: If it is a good thing, why is it not good for the farms?

Mr. WOODSWORTH: That is another matter; it is entirely irrelevant. The point I emphasize is that we have never advocated public ownership of farms. A great many people then get up and say that we are receding from our position. I want to make the point quite clear.

Mr. DUNNING: Does my hon. friend believe in private property at all?

Mr. WOODSWORTH: That is still another question; let me dispose of one question at a time, if you please. I want to emphasize the fact that we have never stood for the public ownership of farms. A good many members have followed the practice of keeping files from newspapers that are antagonistic to the ideals of the Cooperative Commonwealth Federation; then they come into the house and read clippings from newspapers that are opposed to us, taking it for granted that our position is as represented by these quotations. I repeat that the Cooperative Commonwealth Federation has never proposed the public ownership of farms, and that point ought not to be raised here.

Now I come to the question asked me by my hon. friend from Brant (Mr. Wood). In outlining our policy—and I think he will agree that we have the right to determine our own policy—we have considered that the farmers were not exploiters but that they were among the worst exploited class, and that so long as they were carrying on individual farming operations and were content to do so, there was absolutely no reason why there should be any public ownership of farms. It is altogether different when we come to the banks, which we believe have exploited the people—banks, which are great corporations tending to create a monopoly. Under these circumstances what we have advocated is that when institutions rise to a position of monopoly or near monopoly it is right that the state should take them over. That is our position. We say that when the very means by which we live are in the hands of other people it is high time for the state to

interfere. In connection with the farms, the individual farmer owns his own tools. To that extent he is free. I should say with regard to the farmers' problems that we have advocated public control of marketing operations, and public ownership of abattoirs, stockyards, elevators and things of that kind because we believe that in this direction the farmer is exploited. But we are not advocating public ownership of farm lands, and we do not think it necessary to do so. If the time should come when in western Canada, for example, the mortgage companies take over large tracts of land and operate them as great company farms, it might very well be that we should then consider it was time for the state to intervene and take over farm lands.

Mr. DUNNING: And take the loss?

Mr. WOODSWORTH: They might have to take the loss. That is another matter. I come to a question by my hon. friend the Minister of Finance (Mr. Dunning). He asks whether we believe in private ownership or not.

Mr. DUNNING: Private property.

Mr. WOODSWORTH: Private property. It all depends upon what is meant by private property. The word property, as its Latin derivation suggests, means personal things, something that one can own and enjoy personally. We do not want to take away any of those things, personal belongings, such as a man's piano, his radio, his home, his car; those are personal things, they ought to be privately held. We want to increase that type of personal property. We want to make it possible for everyone to have that kind of personal property and to have it much more abundantly than at present. But our lawyer friends have managed to build up an institution which they call a corporation, and they have endowed it with nearly all the attributes of a person, including the right to own property. The corporation is a purely artificial creation—a collective method of controlling productive machinery. Under these circumstances we think that the time has come when we may well ask whether those great corporations that have been built up are serving the needs of the people. If they are not serving the people they can be broken up again. By doing away with their control over these big undertakings we are not doing away with what should strictly be called "private property." I submit that the Canadian Pacific Railway is in a very different position from the little farmer. Had it not been, the late government would hardly have gone to the extent of endorsing its bonds in the amount of $60,000,000. No government endorses the note of a private individual, a private farmer or business man. It was taken for granted that this transportation system is of the nature of a public utility. Our position is that when any institution reaches that position it is to the advantage of this country that it be not left in private hands, but rather that it be administered either as a public utility or as a cooperative enterprise.

Mr. MacNICOL: I should like to ask—

Mr. WOODSWORTH: Just a minute. I wish I could get through my speech without too many interruptions; however, if the hon. member for Davenport (Mr. MacNicol) wishes to ask a question, I will answer it.

Mr. MacNICOL: I was just going to ask the hon. member if he would limit the size of the private farm that is permitted under the Cooperative Commonwealth Federation program to ten thousand acres, or what size?

Mr. WOODSWORTH: We have not discussed that matter at all, because, as the hon. member for Davenport knows, the control of land is within the jurisdiction of the provinces, and we have left that problem to be dealt with by the various provinces concerned. We have not gone into details; we are simply stating general principles. There was a gentleman across the floor who wanted to speak, I think.

Mr. EVANS: Is it not true that during the provincial election in Saskatchewan two years ago your party advocated the use lease system in Saskatchewan?

Mr. WOODSWORTH: The question comes from Saskatchewan: is it true that two years ago the Cooperative Commonwealth Federation in Saskatchewan advocated the use title system, I think was the term used. Yes; there was a meeting of the provincial council of Saskatchewan and they decided that the farmers in that province were so hopelessly insolvent that the best way to meet their difficulties was to permit any overburdened farmer voluntarily to come to the government and ask the government to take over his farm, reducing the value to something in line with what the farm was able to produce, giving the farmer a certain amount to cover his equity, and issuing interest free bonds to those who held the mortgage. That was their plan at that time in Saskatchewan. No other provincial organization has adopted that plan. It was entirely a provincial matter, and perhaps the proposition is not an altogether unreasonable one. I remember being in Sas-

katchewan at the time and talking to a very well established farmer, who was not overburdened with debt, but he said that if the Cooperative Commonwealth Federation came into power in Saskatchewan he would be the first, as an independent owner of a farm, to make application to have his farm taken over in that way. The question was fundamentally whether the present Torrens title, permitting a man to become hopelessly mortgaged, was the best way of carrying on farms in Saskatchewan, or whether an alternative system could be set up under which one could voluntarily ask to be placed.

May I once again call attention to the terms of this resolution. Even my hon. friend the Minister of Trade and Commerce (Mr. Euler) seemed to fail to grasp just what it stated. The resolution reads: that in the opinion of the house, industrial, commercial and financial organizations that are failing to function in the general interest should be taken over by the appropriate public authorities. I spent a good deal of time in quoting from the price spreads committee report to show that a great many of these institutions were, according to the evidence given before the committee, failing to function in the general interest, and it was because of that failure that I thought they should be taken over by public authority. That was a perfectly logical conclusion to which to come.

Mr. BRUNELLE: Will the hon. gentleman give us the names of a number of these financial organizations or undertakings that are failing to function properly?

Mr. WOODSWORTH: I suggest to the hon. member that he read the price spreads report. I should like to commend the government upon their action with regard to the mills at Sherbrooke, and especially the statement of their position which appeared in the press at the time. I think I am right in saying that the ground was taken that if some private concern failed to provide for the needs of the workmen employed and generally to function in the interests of the public, consideration might very well be given to the question whether it might be necessary for the government to take it over. I think the Minister of Trade and Commerce took very much the same position in his speech the other day, and I think the speech from the throne suggested that there might come a situation which would require state interference.

Mr. MacNICOL: Take that particular instance: would the hon. member advocate that the government take over the mills at Sherbrooke.

Mr. WOODSWORTH: Yes.

Mr. MacNICOL: And operate them?

Mr. WOODSWORTH: Yes, decidedly. They would have to. If they are failing to function in the public interest and if the company would not come to time, I should say, let the government take them over and either close them or operate them in the public interest. The government could very easily set up a commission.

An hon. MEMBER: They might close anyway.

Mr. WOODSWORTH: They might close. At any rate all that was necessary was a firm stand on the part of the government to bring that company to time.

In this country, as we all know, there is some little difficulty in carrying out any proposal of this kind because of the division of jurisdiction as between the dominion government and the provincial governments. I sought to safeguard that point by saying they should be taken over by the appropriate public authorities. I can understand that under our constitution some undertakings would have to be operated by the provinces; others by the municipalities. For instance, if we wanted to carry on the milling business or the distribution of gasoline it might very well be that this could be done by the provincial authorities. If we wanted to carry on bakeries, run street cars or anything of that kind obviously those matters could be best handled by the municipal authorities. On the other hand there are certain matters such as railroads, matters of general nation-wide public importance, that can be handled more readily by the dominion government.

Again, Mr. Speaker, I do not think this parliament is the body that would handle these different undertakings. Already in Canada we have gone a long way in the direction of administration by commissions. I think probably that is the line along which we had best advance, by commissions responsible to the government but which will not be interfered with in the day to day operations. I would add this, that I hope we may come to the point where our commissions will not be so largely political appointments and, further, when on the commissions there will be representatives of both the managers and the employees of the undertakings concerned. In a

general way, however, we will have to develop a whole series of administrative boards that will carry forward the detailed operations of socialized production and distribution.

I believe there are two ways in which operations along this line can be carried forward. The first is organization as a public service, as we now operate the Canadian National Railways, as the province of Ontario now operates the hydro electric system, and as the city of Toronto now operates its tramways. There are a great many institutions that lend themselves to that sort of operation, in fact they demand a very centralized control. But there is another class of undertaking that might very well be given over to cooperative enterprise. The other day one gentleman said to me that he could not quite see how the cooperative institutions, of which my hon. friend from Grey-Bruce (Miss Macphail) spoke the other day, fitted into our scheme. They fit into it precisely and naturally. We do not want to build up a great bureaucracy; there are a great many things that can be and should be done by cooperative enterprise. I am very happy indeed to point to those developments in Nova Scotia to which the hon. member for Grey-Bruce referred, by which some of the poor farmers, and especially the poor fishermen, whose plight was almost desperate a few years ago, are gradually making progress by taking over their own affairs and merchandising some of their own goods. That is an example of the producers' cooperative. We all have been heartily in sympathy with the idea of the pools in western Canada. I do not want to discuss the merits of the pools to-day; they have failed in some respects, but in my judgment their failure was due very largely to causes outside their control as also outside the control of the regular grain trade.

I should like to emphasize, Mr. Speaker, that we believe in cooperative enterprises. We may have to start a good many of them and have some of them fail before we learn the best way to carry them on. We are also heartily in sympathy with consumers' cooperatives along the line of the Rochdale system, which has been such a magnificent success in England and the Scandinavian countries; we think it might well be carried on here. The practical difficulty is that the big departmental and chain stores have got in, as it were, on the ground floor, and have developed to such an extent that it is very difficult for a consumers' cooperative to get on its feet. But we of the Cooperative Commonwealth Federation believe in these consumers' organizations. They constitute an integral part of our particular class of socialism.

[Mr. Woodsworth.]

A question that is often brought up—I think the Minister of Trade and Commerce (Mr. Euler) referred to it the other day—is this question of liberty. I have a good deal of sympathy with the Liberal idea of personal liberty; I think I was brought up more or less to regard that as one of the most cherished possession of the British people, but I do say that under the circumstances now existing personal liberty is being gradually whittled down until there is not a great deal of it left. I want to quote once more the figure I mentioned the other evening, that outside of the agricultural workers five-sixths of the workers in Canada are working for wages; that is, as the saying is they are not "on their own." They are simply hired men, as it were, fortunate indeed if they can get a job but having very little indeed to say with regard to their wages, hours or the conditions under which they work; having nothing to say with regard to how the product produced under collective arrangements shall be sold, and having no claim on the profits that may be made. Under these circumstances we cannot talk very much of a man's liberty. It is true that he can still go to vote, though there seems to be a tendency towards depriving those who are not working of the voting privilege. But supposing a man can vote; that is a very small area of liberty. If somebody else owns the very means by which I live I am not a free man. The manager of a big concern, as the price spreads committee pointed out, is in the position of a mass buyer. He negotiates with and buys labour with somewhat of the advantage of a mass buyer, which is relatively a fortunate position for him but a very unfortunate position for the individual workingman.

To a limited extent trade unions have asserted their right to collective bargaining. On the railroads that right is recognized as it is in a few factories, but generally speaking it is not recognized across this country. Failing that we find the individual workman in a very bad position indeed. As I stated on Monday, under existing circumstances the labour man and the farmer or primary producer are exploited, the small business man is being crowded to the wall and the consumer—and we are all consumers—is being cheated, and has no effective protection. It seems to me clearly demonstrated that a great many of our big institutions are not working in the public interest.

We are told again and again that the choice is between individual enterprise on the one hand and bureaucratic monopoly on the other.

That is not a fair way of putting it. As I have said, five-sixths of the people are not carrying on under the principle of individual enterprise; only one-sixth of the workers are doing that. That is one aspect of the case. On the other hand we are not advocating a bureaucratic monopoly. We want to release the energies of the people; we want to restore them to freedom, if indeed they ever had it. We want to see that they get freedom not merely in the sphere of politics but also in economic sphere, which is an altogether different matter. Without going into the political question to any extent I feel very strongly that the old Liberal party made a big step forward when it insisted on liberty in the political sphere, but I believe if they do not now go forward to advocate this other kind of liberty their party will become a thing of the past, just as the old laissez-faire economic doctrine on which Liberalism was built is already gone at least as a workable policy. Even the Minister of Trade and Commerce admits that state interference has become more or less necessary.

Mr. MacNICOL: Take for instance the iron and steel industry, which represents approximately $100,000,000 or less in this country and employs many thousands of men; how would the hon. member operate it if taken over, if not under a bureaucracy?

Mr. WOODSWORTH: I said a few minutes ago it might be operated by a commission. To-day it is under the control of a private group; it is not operated by the employees but by a little bureaucracy, a bureaucracy that is absolutely irresponsible.

Mr. MacNICOL: To-day it is operated under the law of supply and demand.

Mr. WOODSWORTH: No, I suggest that my hon. friend read the report of the price spreads commission, which clearly states that the law of supply and demand does not operate freely to-day. I do not say that supply and demand is not a factor, but monopolies, trusts, combines and international cartels have been built up; we have tariffs and quotas, exchange difficulties and all the rest, so that the old law of supply and demand under free competition has ceased to be a controlling instrument.

Mr. MacNICOL: I am anxious to get the background of the hon. gentleman's opinion. If the government took over the iron and steel industry and it were operated under a bureaucracy, how would he protect that great industry from being overstaffed, most as we all know every government department is overstaffed? Then the iron and steel industry could not compete with the world, if it were overstaffed as a bureaucracy operated by the government.

Mr. WOODSWORTH: I have said I do not want bureaucracy; I want free operation under something in the nature of a commission. There is a great deal of patronage in our big business institutions, just as there is altogether too much patronage in the government service. I am one of those who have pleaded that we get away from patronage in the government service, but personally I do not think there is any more favoritism in the management for example of the Winnipeg municipal hydro electric than there is in the Winnipeg Electric, a private concern. I doubt if there is any more favoritism on the Canadian National Railways than there is on the Canadian Pacific. During the war, when we felt it was a life and death struggle, we took over a number of industries. Organizations and agencies were taken over on a very large scale in Great Britain; if they could be managed economically and efficiently during the war there is no particular reason why they could not be so managed under our democratic system, if only we have a little higher ideal of public service. To-day we have monopoly on every hand. I think it is conceded that the old condition, individual shopkeepers and producers and bankers, is largely a thing of the past. We have monopoly or a state of things verging on monopoly in nearly all our industries and in our financial concerns, and in a great many lines of commerce. There is competition in certain respects, but the competitors get together very readily under agreements in various forms. So it is not a question of individual enterprise versus monopoly. The question is whether this inevitable monopoly will be irresponsible, as it is to-day, and inefficient, as I claim it is to-day, and as I think the evidence before the price spreads commission amply bears out. Or will this monopoly be fascist in type? There is danger of that. As time goes on and these institutions get into trouble they come to the government asking for protection, for loans, for special privileges; they are apt to come and say: It is a matter of great public concern that we should continue to prosper. The result is that big business is closely tied up with the government. We do not want fascism in this country, I do not think there is one hon. member who would deliberately say he wants fascism here on the lines they have it in Germany, but if we tie up business and government we are making an approach to that sort of thing.

There was great danger of that in connection with the new deal in the United States, and that is why some of us had to give only qualified support to the proposals of the late government; we thought their measures were moves in the right direction, but on the other hand we felt that there were certain dangers which had to be carefully guarded against. I have said that the practical alternatives before us are: Is this inevitable monopoly to be (a) irresponsible and inefficient, or (b) fascist in type, or (c) democratic? We of the Cooperative Commonwealth Federation urge that it should be democratic in type, under the control of government, federal, provincial or municipal, or under the control of cooperative institutions, which are perhaps the very highest examples of democracy in industry. I need not say anything more at present about that cooperative ideal. I think it is right, it is desirable, because the consumer himself determines what he wants. I should like to see it encouraged. In Ontario last year the Liberal government passed legislation which made it fairly difficult for consumers' cooperatives to carry on. In practice those of us who have been keenly interested in free consumers' cooperative organizations have found that the forces of capitalism are so strong that they tend to crush such organizations. Furthermore the whole motive in business to-day is that of profit. Our belief is that the motive of profit must give way to the ideal of service, that the ideal behind business ought not to be primarily to make profit, as is now the case, and increasingly profit for a small group, but primarily to give service.

Mr. WILSON: You want the millennium.

Mr. WOODSWORTH: Someone behind sneers, "Oh, you want the millennium." Well, I want something better than we have to-day. I am talking in a very practical way—

Mr. MacNICOL: You are not talking business.

Mr. WOODSWORTH: No, thank heaven; I am not talking business. Someone sneers, "You are not talking business." I get disgusted with two classes of people in this house, one of which is composed of a large number who because they have legal training are always throwing it at the rest of us who are not lawyers that we cannot understand things because we have not had that great advantage of legal training. I am willing to concede the advantage of knowledge of the law, but I do not think the lawyers in the house have a monopoly of brains. The other thing that annoys me is that certain people who have engaged in business, and have spent most of their time and energies in carrying on their own business, along their own lines—

Mr. MacNICOL: And giving men employment.

Mr. WOODSWORTH: —when anyone suggests any change whatever, immediately say: Oh well, you don't know anything about business.

An hon. MEMBER: Neither you do.

Mr. WOODSWORTH: That may be, from my hon. friend's standpoint. But I am putting forward a reasonable proposition, a type of organization actually in operation to some extent in many parts of the world. The stupidest kind of people are those who always look to the past and think we cannot do anything better than follow the old lines. I am not one who wants to jump at every new thing that may be advanced, but I point out that one of the great laws of life is that we must change to meet new conditions, or die. Change or die is not only one of the great laws of nature, but of business as well. Even my hon. friend from Davenport to succeed in business doubtless found he had to modify his methods from time to time. I submit that the whole basis of business in this country will have to be materially modified if we are to succeed as a nation. I think in this house at least we ought to get away from the petty shopkeeping and small workshop idea and look at things from the larger national viewpoint. Only in this way can we adequately discuss general policies. Undoubtedly a great many of these gentlemen who criticize know a great deal more about the details of business than I do, but I rather resent being told so frequently that those of us who have spent the greater part of our lives studying social and economic questions are not in a position to advance a proposal that on the face of it at least seems reasonable.

There is just one other consideration I should like to advance—I wish I could have had a chance to develop it further in the time at my disposal—and that is with reference to the international situation. I am urging this resolution not merely for the welfare of Canada. I am profoundly convinced that it is only as we get away from the competitive principle in our international affairs that we are going to gain permanent peace. In the days after this capitalist system had been set up, we found that a few people were able to accumulate a very considerable stock of goods in excess of that which they could dispose of under the circumstances in their immediate

locality, and so, quite naturally, other markets were looked for. I am not blaming any individual for that; I am simply tracing the natural development of affairs. Then as production grew, a greater expansion of markets was necessary to dispose of it, and so we developed our foreign trade. At that time I have no doubt that the policy of expanding trade—free trade, in a word—was fundamentally right from the standpoint of business. The Liberals in England came into a position of great prominence at that time, and if I had been living then I would have voted Liberal, as some of my people did, because conditions then were ripe for freer trade. The development went on and on until a good many other nations got into the same position, of seeking foreign markets, and once that point was reached, friction was constantly arising. In the last fifty years there has been friction on a good many occasions between European nations as each sought new markets in countries less developed. The continent of Africa was gradually carved up amongst the nations of Europe until to-day it resembles a patchwork quilt.

Mr. SPEAKER: I am sorry to have to interrupt the hon. member, but his time is up.

Mr. WOODSWORTH: I must thank you, Mr. Speaker, for reminding me. At some future time I should like to develop further this external side of the matter. I will close by reasserting our position. I do not believe that we can have permanent peace in the world until we arrive at some other method of doing business than by international competition, which, after all, is simply an extension of the competitive principle on which for a good many years we have been operating within our own country.

Motion negatived on division.

MOTION FOR PAPERS

HOUSE OF COMMONS—CLERK OF SESSIONAL PAPERS

Mr. CHEVRIER (Ottawa East):

For a copy of all correspondence, reports and other documents, relative to the recent appointment by the civil service commission of the clerk of sessional papers of the House of Commons.

SMALL PROPERTY HOLDERS

PROPOSED STUDY OF THEIR FINANCIAL SITUATION LOOKING TO EQUITABLE TREATMENT

Mr. HERMAS DESLAURIERS (St. Mary) (Translation) moved:

Whereas small property holders in the cities are in a most critical financial situation;

And whereas during the past five years the depression has borne more heavily on this class of citizens than on any other by reason of the unemployed who are dependent on public bodies;

And whereas they contribute substantial sums to the public treasury in the form of taxation;

And whereas the agricultural class is now benefiting by government measures;

Therefore be it resolved, that, in the opinion of this house, the problem of these small property holders should be the subject of study in order to determine whether it is not opportune and equitable that they should receive the full consideration to which they are entitled.

Mr. Speaker, the problem dealth with in this resolution is not a new one, although it has acquired with time a far greater degree of acutence. I deemed it proper last year to insert in the Order paper of the house a similar resolution to the one now under consideration, with the intention of placing before the government of the day the sad financial plight of small property holders in villages, cities and, more particularly, in Montreal, and with the object also of making practical and useful suggestions to meet the difficulties created by the crisis. The correspondence which reached me at the time, together with that which I am now receiving, with reference to this resolution, have impressed me with the fact that the evil is greater and more general than I first thought.

Last year, a delegation composed of government followers, judging that the question involved was an important one, travelled from Montreal to Ottawa in order to interview the hon. Mr. Duranleau, then Minister of Marine. The latter replied to the delegation that he highly appreciated the step they had taken and that it was quite possible, even most probable, that before the end of the session the government would introduce a bill in order to come to the rescue of small property holders, the only class in the community which the government had forgotten.

This was as early as February 14; just after the Prime Minister had stated that the elections would come as a thief in the night and that government measures should be proceeded with as quickly as possible. The opposition, knowing the people's strong desire to be consulted at the polls with the shortest delay possible, did not object too strongly to the government's proposal to discontinue at this stage of the session, the study of private legislation so as to give precedence to government measures.

What happened? Well, we found out later. The government totally and deliberately disregarded the plea of small property holders and left them to their plight. However, members who sat in the last house will recall that instead of quickly despatching state affairs, senators and members were sent home

for five weeks, that the house did not sit one single Wednesday evening during last session, that every holiday was observed, that the house adjourned in the middle of the week to allow the people's representatives to attend a cinema performance! And while the government was conducting the affairs of this country at a cost of $7,000 per half-day, celebrating and taking holidays, a large proportion of the population was on relief, famished treckers were wearing out their soles tramping from ocean to ocean, small property holders, having known but sacrifices without any compensation whatsoever from the government, were being, one after the other, despoiled of their property.

In 1932, for motives which I am not called upon to discuss at present, small property holders in the province of Quebec were deprived of all compensation in connection with the rents due by the unemployed, while in all other parts of the country it was just the reverse. Twelve months were required to ascertain whether the term "shelter" contained in the act included lodging for the unemployed; in short, it meant heavy losses for these small property holders who were compelled to meet their fixed charges. Though their rights were recognized later on, no payment was made of the amounts due to them for services rendered in 1932 to the publicly-assisted unemployed.

Most of these property holders had acquired their houses with savings that represented a lifetime of toil and self-sacrifice during a period when the cost of labour and of materials set the prices. The purchasing price at that time represented the true value of the properties; they could not have been acquired for less. They had not been paid double their value as in the case of farmers who during the war bought at inflated prices, land that has since dropped to its normal value. It was not lack of foresight on their part. That is an important point.

In the case of farmers, the crisis exerts its effects which are reflected in a decrease of prices on farm products, as compared with war-time prices and that is all.

In the case of small property owners, however, it is otherwise: they did not buy at inflated prices, and, ever since the height of depression, their property has from a revenue viewpoint, lost fifty per cent of its true value.

They have provided a shelter—and continue to do so—for poor unemployed people who are dependent on the state. Notwithstanding the fifty per cent decrease in value of their property, the municipal valuation has not been reduced; taxes of all kinds pile up on them. Municipal taxes have gone up; water, business and snow-removal taxes have doubled; and there are in addition special taxes, super-taxes, dominion and municipal sales taxes, etc.

[M. Deslauriers.]

Many of them have lost their positions and find themselves in the ridiculous situation of having to seek relief—which is denied them because they are property holders—while being compelled to give charity to people dependent on governments.

Every week, these small property holders are, one after another, despoiled by loan companies. If I am rightly informed, one company alone, known as the "Industrial" has, for its share, despoiled 3,000 of them. I know for a fact that rackets exist in Montreal accumulating wealth by preying on these small property holders, they were established by New York and Chicago racketeers. I could right now name one or two of these organizations; I shall give in a few minutes the result of their operations in a case which was brought to my attention. For instance, there is the Continental Guaranty Corporation and the Industrial Loan Investment, companies that advertise by means of the radio. I think, sir, it would be most appropriate for the government to appoint a commission of inquiry to look into their operations.

The government has in the past come to the assistance of the farmers.

I find no fault in this connection, I might even state that this class of the community has perhaps not received all the solicitude and consideration due to it. If, on the one hand we must admit that farmers deserve consideration, on the other hand, the class of citizens known as small property holders in cities are just as deserving of the government's sympathy. We should not remain unrelentingly indifferent towards the latter, but rather, recognizing the fact that they are taxpayers like all other citizens of Canada we should render them all possible assistance and prevent loan companies, such as those I have just mentioned, from exploiting them.

The Liberal party's policy will contribute, no doubt, to restore equality between all classes, providing the provinces and the dominion cooperate and providing certain provincial and federal laws are amended or repealed. For instance, drastic conditions in contracts, such as defesance clauses, should be prohibited; the term "responsible by mortgage" should be sufficient, if more study and consideration were given to transactions.

Australia, Belgium and the United States have passed excellent laws in connection with their small property holders. A glance at

their legislation might perhaps help the government to legislate in the same sense.

I believe that measures could be enacted, especially in times of crises, so as to come to the rescue of small property holders certain terms included in contracts, such as "personally responsible" should disappear. In times such as these, when credit is lacking, city and country people have been victimized by this term "personally responsible," which has despoiled them of their furniture for the sake of a few hundred dollars which they borrowed and could not repay.

The government is in duty bound to study the possibility of long term loans at three or four per cent interest and of extending to small property holders in cities the privileges granted to the farming community. We have but to consult the history of France, at the period when the credit foncier was established in that country, to understand the eminently patriotic role that this group of French citizens played at a time when the peasant class was threatened with ruin. We could draw very profitable conclusions to the advantage of the small property holders and even of the farming classes, from the study of that page of history.

By mutual agreement with the provinces, it would be proper to establish a five year obligatory moratorium and, finally, to facilitate long term loans, at three per cent in order that these small property holders might borrow the necessary money to pay off arrears of interest and taxes.

I stated a moment ago that I believed that the co-operation of the provinces was absolutely necessary. I am quite certain that the hon. Minister of Labour and Public Works of my province could amend the labour legislation of Quebec and liberalize it in such a way as to provide employment for the man who, because he has reached forty-five years of age or more, finds it impossible to obtain work, and to legalize the stipulations of the contract in order that these workers may have a chance to earn a livelihood and not be looked upon as prematurely old at forty-five.

I stated, sir, a few moments ago, that rackets existed in the city of Montreal to the detriment of these poor workers who have spent all their hard-earned savings. I have before me correspondence referring to the Continental Guaranty Corporation. I shall read it, as I have been given permission to submit it to the house and make use of it as I thought fit:

Dear Sir,—

Enclosed you will find a few documents relating to our conversation of Sunday last. You may, without fear, make use of them as evidenced in support of your resolution.

They refer to the case of a property holder who contracted a loan of a few hundred dollars and finally lost his property.

The following is a statement of account:

Re: S.C. No. B-133320 ...

Lawyers will understand what that means.

... Continental Guaranty Corporation of Canada, Limited vs Romeo Garneau & T. Brossard.

Judgment on September 8, 1934, for the sum of	$ 204 51
With annual interest at 12 per cent from February 12, 1934, to May 8, 1935	30 70
Judgment and subsequent costs including registration of judgment, sale fees, etc., approximately	175 00
Sheriff's costs, including sale and 2½ per cent on sale price, approximately	280 00
Municipal taxes owing to Ville St. Pierre, for the years beginning June 1, 1931, 1932, 1933, 1934 and 1935, including interest, approximately	1,250 00
Repairs, including material only, paint, plumbing, etc., approximately	75 00
Total	$2,015 21

That is the method followed by these racketeers; they have substituted themselves to the city of Montreal or to some other municipality in order that their claims may become privileged and take precedence over the first mortgage. Moreover, their rate of interest is such as to make it impossible for small property holders to meet the liabilities they have contracted towards them. Then comes the sheriff's sale. Since the mortgagee, owing to hard times, cannot borrow the money required, the sheriff sells the property. Now, the Continental Guaranty Corporation has established a subsidiary company called the Yarbrooke Co., which purchases the property from the sheriff, and the same day sends the following notice to the owner of the property in question:

Mr. Roméo Garneau,
Montreal.

Re: Properties in Ville St. Pierre

Dear Sir,—

As agreed orally, we shall accept in final settlement of account, principal interests and costs, the sum of $2,000 cash, providing payment is made by May 16, next.

Thus, $2,000 is demanded of this person who does not own $100!

We shall transfer to you the two properties purchased from the sheriff, one situated on 5th avenue, and the other on Camille street, Ville St. Pierre, free and clear of all charges and mortgages.

After that date, the offer becomes nul and void.

Yours truly,

Handfield & Handfield.

The latter are the lawyers for the Yarbrooke company.

I had no intention, sir, of causing any financial embarrassment to the government in submitting this question. My object was to expose the true situation of a class of people which are all the more entitled to consideration at the hands of the public authorities, because for human and charitable reasons, they have taken the risk of losing their properties. Because they have rendered a service to the unemployed who were dependent on government relief, I think it is unreasonable to deny them consideration.

I trust that the facts to which I have directed the government's attention will be seriously considered, that this class of the community, perhaps the most useful to our country from a social and economic angle, will be protected, and that the government, in any arrangement it may make in co-operation with the provinces will see that the small property holders are placed on a level with all the other citizens who make up the Canadian community.

Mr. T. L. CHURCH (Broadview): Mr Speaker, I want to compliment the hon. gentleman (Mr. Deslauriers), who represents one of the industrial ridings in Montreal, upon having the courage to bring this industrial question to the attention of the house at this time. As I too, represent an industrial riding, I feel I should say a few words in connection with this resolution. On three occasions last session I directed the attention of the house to the untold suffering and misery of the industrial worker of this country. He is suffering such privations as I have never seen before. Industrial workers in part of my own riding, in that of the hon. member for Greenwood (Mr. Massey) and in other parts of Toronto are suffering because of economic conditions over which they have no control. The industrial worker is just becoming a proletarian and the time has come when protection should be given to him all along the line and to all the people of Canada and not only to some. During the campaign I remember seeing throughout Ontario liberal billboards announcing that if the people voted for so-and-so unemployment would be ended; that if they voted for so-and-so work would be provided for the worker. Attempts have been made by the creation of commissions to end unemployment, but the poor industrial worker still suffers.

Forty-seven per cent of the Canadian people are engaged in industry. Six or seven years ago parliament, not satisfied with incorporating bona fide loan companies and banks, permitted the incorporation of a number of shark loan companies. These companies are flourishing in almost every riding in the city of Toronto. As the former member for Battle River, Mr. Spencer, told the house last year, these shark loan companies are charging as much in some cases as thirty-five and forty per cent on second mortgages. Quite rightly parliament has given some assistance to the farmers in the prairie and other provinces and to fishermen under the farm loan board, but similar assistance should be given to the industrial workers. The western farmer ate the sour grapes of free trade for twenty-five or thirty years while the grain exchanges, the middleman, transportation and elevator companies were robbing him of a fair price for his crop. Then the depression came along and he found himself suffering untold privation. I am sorry for him; I helped plead his cause, but I must also plead the cause of the industrial worker, as I said three times in the house in 1935, and asked for equality of treatment for the industrial worker also.

In the days of Laurier and Macdonald practically every man was a property owner. A man might own only a small store, a little mill or a shack, a cow or something else, but he was a property owner. He had a little garden on the back of his lot and while he might be working only three or four days in the week, he was as much a property owner as was the man who had large holdings. He was a citizen of the country and he had his property rights. Now it is gone. Those rights have been taken away, and one of the principal duties facing parliament at the present time is to pass some measure that will help in some way to solve the problem of unemployment and distributivism in Canada.

The government has so far brought forward no definite plan looking to that end; neither in the speech from the throne nor in any proposal that has so far been suggested do we find anything in that direction. The Minister of Labour (Mr. Rogers) read a speech yesterday in regard to the relief camps, which was out of order; according to the rules of the house he should not have made the speech he did except on the orders of the day. But the rules apparently are for some

and not for others and they are badly in need of overhauling. At any rate, so far the government has brought down no definite plan to solve unemployment.

At the opening of parliament I handed a question to the clerk of the house but it never appeared on the order paper. I wanted to know what plans the government had this spring for providing useful employment for the great body of the unemployed, but that question, as I say, never found its way to the order paper. This was not through any fault of the clerk's, for he is a most able, capable and zealous and painstaking and popular officer. But why was not that question placed on the order paper? I know of no rule of the house that prevents a member of parliament from placing a proper question on the order paper. What does the government think private members are here for? Are we to sit here and listen to ministers introducing academic measures for dealing with the unemployment problem, leaving industrial workers in the meanwhile to starve or to go to the poorhouse or to be placed on relief?

In the district represented partly by the hon. member for Danforth (Mr. Harris) and Greenwood (Mr. Massey) and also embracing the part of Toronto represented by myself, there are 300 industries, large and small, in which Canadian workers, and their fathers and grandfathers before them, have been employed and some have lived during all that time on the same property. Sixty-five per cent of the people in that area at one time owned their own homes, but hon. members would be surprised to know how many of them have lost everything. Mortgage companies can afford to put up skyscrapers, but when they come to deal with the industrial worker who is in straitened circumstances there is no hesitancy about sending him a lawyer's letter and foreclosing; and if he tries to get some assistance from one of the shark loan companies incorporated by parliament he finds himself faced with a demand for interest rates of 25, 30 and 40 per cent. If he is unable to meet his liabilities he loses everything—his piano, bed, chairs and every other article of furniture, all under chattel mortgage at 10, 12, 15 and 20 per cent.

What is going to become of the industrial worker? Where is he going to end up? Unless the two old parties open their minds to new ideas and their ranks to men with new ideas, then I say that by 1940 or 1945 we shall have a socialist government in this country. I say that advisedly; I said it in the last parliament and I say it again. The two old parties in the house must wake up to the realities of the present day problems just as the parties in England have done. Consider what the National government accomplished over there. They provided a measure of protection for the working population and built homes for them, balanced their budget and adopted a tariff that brought jobs and a housing policy.

With regard to the principle of the resolution, parliament has established a system of protection for the farmers under the farm loan act. If a farmer gets into difficulties there is a farm loan board to which he can turn and have some arrangement made with his creditors along new and more satisfactory lines. An effort is made to obviate foreclosure. That is quite proper; it affords a long overdue measure of protection for the farmer.

At the last session the plight of the fishermen was under consideration. Our fisheries constitute one of the greatest industries in Canada, but the fishermen have had a very hard time of it. The Bennett government of that day, 1935, introduced legislation for the relief of the fishermen, and when the bill was before the house I took occasion to plead the cause of the industrial worker. I supported the bill, because there was a farm loan board to which the farmers could appeal and I thought it only fair that the fishermen and industrial workers should also be given some consideration. I should like to read some of the remarks I made at that time:

> The time is not far distant in this country when we shall have to set up for the industrial workers a board similar to those set up under this fishermen's loan act and the Farmers' Creditors Arrangement Act so that the retail storekeeper, the individual worker, and those engaged in industries will have some means of protection. A retail grocer who fails and whose little shop is gone or an industrial worker who gets out of work or is only on part time should be dealt with in the same manner as the poor fisherman or farmer; he should be able to secure similar protection. There is no reason why forty-six per cent of the people who are engaged in industry should not have the same form of protection as is given under the Farmers' Creditors Arrangement Act, the fishermen's loan act and so on. There should be created for these people a similar board to establish long term mortgage credits even up to twenty-five years for the small retail grocer or the small industrial worker who is out of work or may be on part time as many of them are. Sooner or later we shall have to extend this very wise and commendable feature of this legislation. I would like to see some kind of board set up for the industries to which I have referred and some credit established either through banks, insurance companies, loan companies, mortgage companies or through parliament or partly through one and partly the other, for

the protection and relief of the small industrial worker and the small storekeeper on the same basis as these other acts I have mentioned. We should have protection not only for the fishermen and for the farmers but for everyone; we want a system of protection that will take care of all the people. Those small industrial people who have lost their all by foreclosure or unemployment or high taxes are in the same plight as are the fishermen and the farmers, and the principle of this bill should be extended to them.

Speaking for an industrial province, I say that the industrial workers of this country are no longer going to stand for handing out protection to some and not to others. Under the provisions of this bill we are paying through the new fisheries board, taxes, mortgages, lien notes, security to the bank, hypothecation of the plant and equipment of the fishermen. The same principle of protection should be extended either through parliament or the banks or a board similar to the farm loan board to the industrial workers so that they will have a fair show under protection as we have it to-day to hold and retain their properties and their equities and their small business ventures.

The hon. member who has just spoken (Mr. Deslauriers) is a physician and on that account he knows, better than most members do, what the industrial worker's condition is; no one knows more than the physician does what the worker suffers. I suggest, therefore, that he might urge upon the government the consideration of what has been done in England and the United States in the interests of the working classes. Steps have been taken in those countries to save the workers from foreclosure. Along the lake shore in the riding of York West there will be no vacant houses on the first of May. I plead with the Minister of Finance (Mr. Dunning), because I think something should be done in regard to this matter. No one wants to pay additional taxes, but it would not cost very much to bring in a measure of relief for our industrial workers, as the government can borrow at a low rate of interest to prevent foreclosures on industrial workers, the same as for farmers and fishermen.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. CHURCH: The hon. gentleman who moved this resolution is a government member, and it is the duty of the government as long as they are the government of the day to solve these unemployment problems. At the last election appeals were made throughout Canada to the industrial worker to vote for the Liberal party. In my riding bill-boards contained advertisements: "Vote for Snelgrove and end unemployment"; "Beat Bennett and bad times"; "Beat Unemployment: Vote Liberal"; and all that kind of thing. As I said, "End unemployment; vote for so-and-so" appeared throughout Ontario. Where does the Liberal party stand in the house with relation to this problem of the industrial worker?

I was referring before six o'clock to the two old political parties in this country: they have to open their ranks to new men and their minds to new ideas, as the people of the old country have done. The old country has done something for the industrial worker. We in Ontario and in fact throughout Canada are in this respect almost as backward as the inhabitants of England were at the time of the industrial revolution one hundred years ago. If hon. members read Green's History of England, to which I was referring in a debate on this problem on January 30 of last year, and examine the condition of the industrial workers in England at that time, they will be interested to find that the Liberal party of the day were opposed to reform. As I said in this honourable house on March 21 of last year during the debate on unemployment, when I was urging the party to which I belonged to take up the problem of the industrial worker—and I again mentioned the matter in the debate on the farm loan board and the fisheries board:

> The Liberal party of this country to-day represents the last stand of economic liberalism in Canada. It relies on these social measures being declared unconstitutional. It is the party that for nine years had a chance to do something along these lines, but only dilly-dallied. It is the same party which in England opposed the factory acts and free schools, and the liberation of the trade unions. To-day it concentrates its attention in Canada on the tariff and on wider markets when wider markets are not available. The Liberal party in Canada is an advocate of social reform, pensions, doles, social insurance—all these are in its platform for the higher life, but they refuse to give to this house a plan or platform to grapple with the cause and effects of the social revolution and with those economic factors which deprive men of the bread of their own production and the fruits of their own toil. I believe that free trade and the error of the Liberal party's policies have been to the detriment of agriculture and of industry in Canada. Many children are in factories to-day who should be in school, and most of the young offenders who come before our courts are underprivileged children many of them from poverty stricken homes, who from birth have never had a proper chance.

The Conservative party was the founder of protection in Canada, and it believed in preserving the home market. Its policy was: Our own markets for our own products, and our own work for our own workmen. Would

that we had that policy to-day in this country; the industrial worker would then not be suffering as he is. We are apt to forget the home market in considering the agricultural and industrial problems of this country. My plea is on behalf of the industrial worker.

This resolution goes on to criticize agriculture. I do not approve of that at all. It says:

Whereas the agricultural class is now benefiting by government measures—

So it should. But I plead for protection for all of the people all the time, not some of the people some of the time, not only for the agricultural worker and the fisherman but all along the line, protection for them in their markets, for the primary producer and the consumer as well, but also for the industrial worker in the main centres of population. The resolution correctly refers to the fact that we have had five years of depression and to the suffering which has been caused to small property holders in the cities, and these small property holders are suffering. It goes on to ask that:

—the problem of these small property holders should be the subject of study in order to determine whether it is not opportune and equitable that they should receive the full consideration to which they are entitled.

I agree, Mr. Speaker, that they are entitled to the same protection that agriculture and fishermen have. Forty-seven per cent of the population is engaged in industrial pursuits, and these people are suffering untold privations, misery, and conditions of hardship. We should have lower bank rates in this country? The federal power can borrow money at one per cent if it wants to. They are doing this in the United States, in England, all the world over. Yet banks start with seven per cent and charge not only that rate but—well, we do not know what the charges beyond that are in some cases. Then we find mortgage companies demanding seven and eight per cent in addition to the charges for foreclosure after people have lost their homes. We find shark loan companies that put on a chattel mortgage as well as high class first and second mortgages. Industrial workers who are out of work are losing their homes very rapidly. Some of these men are returned soldiers. I know dozens of them in my own riding who have lost their properties, and some of these men are at Christie Street hospital serving out a life sentence passed upon them by this country, for which they fought at the hazard of their lives. They have to spend the rest of their days under a life sentence for defending Canada, on the top floor of Christie Street hospital while we sit here in parliament, two hundred and forty-five men, doing nothing.

My hon. friend the member for Parkdale (Mr. Spence) the other day asked a minister —we have discussed so many departments that I have forgotten which one it was, but I think it was the Minister of the Interior (Mr. Crerar)—about the Ottawa observatory; they had an earthquake, and the hon. member for Parkdale inquired: Were there any people hanging around this department in the observatory doing nothing? Well, there are two hundred and forty-five members of parliament hanging around here and what are they doing to end these conditions? We have heard much in Ontario in the past about "follow your leader." I can only say that if the two old parties are going to be content with that kind of program the day is coming for the same sort of earthquake reckoning that obtained years ago in the old country with regard to their two old parties. We must open our ranks to new men and our minds to new ideas.

Regarding these industrial workers who are losing their homes, let us consider the effect of modern machinery on the employment of these men. Every new process seems to put men out of work. Our artisans are becoming machine minders, and women can mind machines as well as can men, with the result that this is becoming a country of machine minders. Thus there is a rise in female employment and a disastrous fall in the number of men at work. It is apparent to anyone that the very object of machines is to put men out of work. That is the reason they are invented and installed and they succeed in their purpose admirably. Where is liberty while all this is going on. Our greatest care as a people should be the welfare of man and that of our workers' children.

As I have stated, I know that many men who have owned homes and have had them taken from them are returned soldiers. Some are on part time; some are off the pay roll altogether. As Theodore Roosevelt said, "A man who is good enough to shed his blood for his country is good enough to receive a square deal afterwards." More than that no man is entitled to. Less than that no man shall have. And yet we find these men, these industrial workers, have lost their homes; some are soldiers, and a few are on the top floor of Christie Street hospital, and nobody is to blame but the parliament of Canada. I am not blaming the present government; all governments since the war must face responsibility for that condition of the industrial workers of this kind, but the late government

decided to help industrial workers. And we make speeches in the house about foreign affairs; we, who have no fleet and practically no army left except the girl guides and the boy scouts, can waste months and months on such matters as that. If hon. members want to get a bird's-eye view of Canada's navy they should go down and look at the boat in the canal in front of the Chateau Laurier; it has steam up now and a few planks on the deck.

A few years ago the government created a basic industry known as the "ambassador" cure for unemployment; they were sending ambassadors all over the seven seas. That is about the extent of their contribution to this question, except that my hon. friend the Minister of Labour (Mr. Rogers), who aspires to create an economic commission. Let me tell him on behalf of the industrial workers of Ontario that ten years ago I asked the government of which he is a member if they would appoint an economic commission to study unemployment. The reply they then made was that this was not a matter for the federal government. The then Minister of Labour and the Prime Minister (Mr. Mackenzie King) tried to have my question ruled out of order, although it was the very same question that was asked in the British House of Commons the other day by the leader of the Labour party in the old country, and the British government this spring is providing work for a great body of unemployed. That question, through no fault of the able, learned and popular clerk of the house, was not placed on the order paper. I agree with some of the members who have been criticizing the rules, that the rules are certainly not what they should be.

But I will say this on behalf of the industrial worker. In the campaign which preceded the by-election in the riding of East Toronto in 1934 many leading Liberals took part. Among others my good friend the present Minister of National Defence (Mr. Mackenzie), Mr. Ralston and even the present Minister of the Interior (Mr. Crerar) all came to my riding to tell the industrial workers what the Liberal party would do to end unemployment. I can say to the government that the industrial workers of this country are no longer going to stand idly by and see their property, that was owned by their fathers and their grandfathers, taken away from them through no fault of their own by the insurance and mortgage companies. These insurance companies have squandered millions of dollars of trust money all over the world in useless common stock. If the new members of the house want to find out what these companies are doing let them read the six hundred page report of the superintendent of insurance. There they will find that these companies have invested millions of dollars in stocks that to-day are practically without value. They have lost hundreds of millions of dollars in south sea bubbles throughout the world, but they have not a dollar to loan at low interest rates to the industrial workers of Canada.

What has been done in other countries? In the United States the New York Life loaned $25,000,000 to help pull the Roosevelt government out of the mire. That company did not depend upon the government to do everything, but they would not do that in Canada. In the United States they are loaning $25,000,000 on Gravesend beach in Brooklyn, creating employment for carpenters, bricklayers and other workmen of Manhattan island; the railways are cooperating by providing steam suburban service to take the workers to the country. That is not however being done in Canada. I do not ask the government to do everything; all I ask is fair play and equality of treatment for the industrial workers of Canada. Very few of the new members of the house have seen fit to plead the cause of the industrial workers, who are oppressed by intolerable conditions. In the United States and England the governments are taking steps to get these people out of the slums into the country, where they can build homes and own a few acres of land.

I am not here to criticize the government unduly; I am ready to support any plan it may bring forward to remedy these conditions, because after all is said and done I realize that these hon. gentlemen have been placed on the treasury benches by the people of this country and they are a government of Canadians, but they should see the handwriting on the wall. Parliament has been in session now for almost four weeks but we have done nothing to give relief to the unemployed. On my right we have the overflow from the opposite side, and I venture to say that any fifteen of these hon. gentlemen I might pick out could create for the government a policy in this regard, but instead we waste time talking about foreign affairs while domestic politics are forgotten. Constructive statesmanship is lacking; people have lost their faith and confidence in the government because no plans have been brought forward to improve the present situation. The industrial workers were greatly disappointed the other day to read the statement made by

the Minister of Labour (Mr. Rogers), who rose in his place and read a long treatise on relief camps to be closed after the fashion of a college professor. The government intend to close the relief camps. What are they going to do with the industrial workers now in those camps? Will they drive them into the gaol as vagrants?

Let me remind the government that many of the young men in these camps are high school and university graduates. The fathers of many of them are on relief; some of them had good jobs with industrial concerns, but it is a long time since they have had any work to do. There may be three or four sons in the family; the eldest says, "I cannot loaf and sponge any longer," so he takes to the road and probably rides the rods out to the coast. We have two railways that can hand out hundreds of thousands of passes every week, but when these poor young fellows are caught riding the rods they are locked up in the gaols throughout the country though their only crime is that they have not been able to get jobs. I have never failed to show ordinary Christian charity towards hon. gentlemen opposite; under our parliamentary system they are now the government of the day, and the responsibility is upon them to solve the great economic problems facing this country.

I thoroughly agree with the principle contained in this resolution. All I want to see in Canada is equality of treatment for the industrial workers who have had to do without protection for five years and who have lost their property. The other fifty per cent of the population, the farmers and fishermen, have had protection, and I was glad to see them get it. I think the late government should be congratulated upon having had the courage to give these people, through subsidies, subventions, bonuses, stabilization funds and so on, the relief to which they are entitled. I only ask the government to take up this question and make a study of it, as the mover of the resolution (Mr. Deslauriers) has proposed. I believe if they do that they will do something which in years to come will be remembered to the credit of the Liberal party and of twentieth century Liberalism in this country.

Mr. VITAL MALLETTE (Jacques-Cartier) (Translation): Mr. Speaker, I consider that the house owes a debt of gratitude to the hon. member for St. Mary (Mr. Deslauriers) for having so clearly and forcibly described the plight of the small property holders. The hon. member, in so eloquently submitting this resolution to our consideration, had no other thought in mind than the unfortunate situation of these small property holders, particularly those of his electoral division. It is therefore only right that some of us should rise to congratulate him.

In my humble opinion, this question which relates to mortgage debts and municipal taxes, comes under the jurisdiction of the provincial rather than of the central authority. However, I trust that, as a result of this debate, the provincial legislature will take up this question and enact the needed legislation.

(Text) Mr. Speaker, I think the house owes a debt of gratitude to the hon. member for St. Mary (Mr. Deslauriers) for having brought to the attention of this assembly what he has called the plight of the small proprietors. No doubt, as I have just said in French, when he spoke so eloquently and well he had in mind particularly the electors of his division of St. Mary, but this problem touches everyone in every county, and relates not only to the small proprietors but also to the large proprietors, because all have been affected. In my humble opinion, since this question is so closely connected with taxes and mortgages, it should come before the provincial legislatures, and I hope that as a result of this debate our wise provincial legislators will see to it that something is done to help these poor small proprietors. My experience in municipal problems and administration has extended over twenty-five years and it has been my privilege to come into contact almost daily with proprietors of all classes, especially the small proprietors.

I believe these proprietors can be divided into two categories, one being the man and woman who have invested all their life savings in a small home, and the other the small owner who has bought a house larger than his own needs and rents the rest of it in order to obtain a small revenue. When the depression came this class was hit hard. In the first place many of these owners lost their jobs or positions, and those who had tenants saw their tenants lose their jobs or positions, so that there was no more revenue either from wages or rents. These poor people had to go to the banks or the notaries and borrow money, and many had to sell everything they had including their life insurance policies and afterwards go on relief. When relief began nothing was done for these small proprietors. Those who were distributing relief had the idea that before anyone could be given relief he had to dispose of everything he owned. So these men found themselves penniless and forced into the army, already too large, of paupers or seekers of relief.

In Quebec the provincial government wisely passed a moratorium act by means of which proprietors in hard circumstances could go to a judge of the superior court and so long as taxes and interest were paid they could secure an extension of the mortgage. Consequently this problem became largely one of taxes. So the provincial authorities passed another law compelling the sale of all properties on which taxes were more than two years in arrears. At first sight that looks like a hardship, but it is not, because the same law carries the provision that these proprietors have the right to go before a judge of the superior court and, upon showing their position, if they are unable to pay they get permission to fund the taxes and pay them over a period of five years. Although the Quebec government consists principally of lawyers, and so much has been said about the legal profession to-day, the provincial government saw to it that the lawyers who prepared the papers to secure these extensions were not allowed to charge a fee higher than five dollars. Let me say this for the legal profession; I know of many cases where lawyers prepared these cases and went before the courts on behalf of poor people without charging any fees at all.

Another curse we have in our province is the money lenders. They advertise in the papers and over the radio and many people are caught, thinking they can get out of their difficulties by obtaining an easy loan. The procedure is something like this: The would-be borrower comes to see the lender and explains his position. The first thing the lender does is to ascertain from the corporation of the municipality in which the property is situated what is due on it for taxes, and then he arranges with the borrower as to the amount to be lent. The loan is made and the tax receipts are registered for preference over mortgages, so that at the end of the term if the loan is not repaid the lender has a chance to get the property for almost nothing. Further, I understand that a borrower from these loan companies on being granted a loan of say $100 is first charged a fee of $10 for searches and other matters; then he has to pay, I am told, seven per cent on the whole $100, so that for a loan of nominally $100 all he gets is $83, and if I calculate aright the interest works out at something over twenty per cent per annum. If that is not usury I would like to know what it is. No wonder the hon. member for St. Mary has brought this question before the house; it surprises me that it has not been before the house or the provincial legislature before.

[Mr. Mallette.]

How can this be cured? I am not able to give a complete answer. But if the dominion government were to go into the matter something could probably be done along the lines of the farm loan board. I have every sympathy for the small proprietor, in fact every proprietor, but the small proprietor is looked upon as the back-bone of the nation. I wish there might be a more extensive distribution of landed property, because the man who owns some real estate feels he has a stake in the community and is watchful to see that no undue extravagance takes place. However I believe this problem is more one for the provinces. I feel fairly sure that the mover of the resolution had no intention to embarrass the government, and although I am heartily in favour of the motion still I think the matter should go to the provincial legislature.

I have noticed that when speaking to a motion members are allowed to speak of other matters, so seeing that this is the first time I have spoken in the house I crave indulgence for a minute because I want to thank whoever made the seating arrangements for placing me where I am. Thanks to the seat I occupy in this chamber, I have the pleasure not only of seeing the government in front of me but of having on my right a member from Manitoba, in front of me a member from Nova Scotia, and on his right a member from Ontario. This is very interesting from the point of view of the exchange of ideas. Moreover, I have on my left the pleasure of being close to the representatives of the Conservative party, a situation which is very interesting indeed; I find that there is not such a very great difference between us. Also I say in all sincerity that I believe this is the most interesting side of the house because it comprises men of all hues: radical Liberals, orthodox Liberals, Conservatives, Cooperative Commonwealth Federationists, Reconstructionists, and Social Crediters. And on top of all that there is one more reason why this is the most interesting side, that is because it contains the entire feminine representation of the country.

Mr. DOUGLAS G. ROSS (St. Paul's): Mr. Speaker, I am very much embarrassed by my hon. friend speaking of me in such glowing terms. That is all.

Hon. FERNAND RINFRET (Secretary of State) (Translation): Mr. Speaker, my first duty is to extend my congratulations to the hon. member for St. Mary (Mr. Deslauriers) on the eloquent and convincing manner in which he has introduced his resolution; and as he has used the French language, I shall, both as a courtesy to him and in order to maintain

the usages of the house which provide for the conducting of the debate in either of the two official languages, reply to him in the French language.

I also wish to congratulate my good friend, the hon. member for Jacques-Cartier (Mr. Mallette), who, in his first speech, was able to interest the house. He deserved all the applause he received, showed that we have made in him a precious acquisition and that he will be a powerful support to us in the future debates of this house.

As to the resolution itself, I may say that the government looks upon it with much sympathy and is disposed to accept it, since it is a resolution calling for a study of the problem. The grounds it states are in themselves a conclusive argument. All are aware that the financial situation of the small property owners in cities is most critical, and more especially those who represent city divisions—like the hon. member for St. Mary and myself—are well acquainted with the extremely critical situation of a large number of the small property holders. I also agree with the sponsor of this resolution that, for the last five years, this class of citizens have felt the crisis if not more at least as much as any other class of the community. It is therefore but natural that our attention should be drawn to the lot of this particular class, with whom I greatly sympathize. But I may be pardoned if I state that the question is primarily a municipal one. The small property holders, in fact property owners in general, are the chief ratepayers of our cities. A large proportion of city revenues are drawn from their properties, and in so far as we may seek to consider property owners as a distinct class, we have to do so first from a municipal viewpoint. It is equally from a municipal point of view that they are interested in the various enterprises of our cities, in police and fire protection as well as in all other municipal services.

Secondly, the responsibility of property holders, from the viewpoint of civil rights is a provincial matter, and I think that those who are interested in the welfare of property owners should first apply to the legislatures of the various provinces. In fact, the sponsor of the resolution as well as those who followed him, have indicated in their remarks that they relied on provincial legislatures to remedy part of the ills which they have pointed out. Mention was made, for instance, of the moratorium granted in connection with mortgage debts. It is, therefore, proper to settle in the course of this debate that, if the dominion government—and, I am sure, parliament as well—is disposed to embrace the cause of small property holders, one must not expect it to invade a domain outside of its prorogative and where it cannot produce effective action.

We have had proof of this in the course of last session. There are excellent measures which may be discussed and adopted, but unless there is certainty that they come under the jurisdiction of the dominion government, it would be most unwise to legislate, as we would be exposing ourselves to the possibility of having to duplicate the proceedings already taken and which consist in submitting to the Supreme Court of Canada the question of the dominion government's jurisdiction.

In our own sphere, sir, I think that the dominion government and parliament deal especially with the larger classes of society, such as the farming, labouring and business classes. The federal government has large departments that look after agriculture, commerce and labour, and I desire to point out that it is from the general point of view that it is possible for us to act. I wish to point out to the hon. member for St. Mary (Mr Deslauriers) that the fact of being a property holder is not in itself a federal qualification.

A labourer may also be a property holder, a business man may equally be a property holder; and although we legislate as regards the labouring classes, the business men and farmers, it is the provincial legislatures or the municipalities that deal with property owners as such.

Times are hard and all governments must work together, but the desire to cooperate must necessarily stop at certain limits. With reference to the unemployment problem, it is quite possible for the dominion government —and this would indirectly help property holders—to increase, as was done recently, federal subsidies to the provinces and municipalities and permitting the application of the subsidies to rentals and other charges which indirectly interest property holders. In the levying of taxes as well, the Minister of Finance may make allowances for small holdings, by increasing their exemptions while calling upon the wealthier citizens to contribute more to the revenues of the state.

Likewise and in the same spirit, parliament, last year, studied the question of housing. I was a member of the housing committee and I wish to state that in the course of the few weeks we devoted to the question, no political consideration ever cropped up; quite the contrary all the members of the committee were inspired by purely social motives. We particularly stressed the fact

that, if the federal government helped in the construction of homes, it should not forget the present property holders. In the desire to supply our cities with better homes for their population, we must not lose sight of the fact that there are in those cities property holders who should not be ruined by the state's competition. The legislation at present embodied in our statutes authorizes the lending of large sums for the construction of wholesome homes in our cities. I again wish to emphasize the fact and I could quote many authorities on the subject, that, however excellent the principle of the measure, we must always bear in mind that the state must not compete against private property holders, however laudable may be the object. This was a reserve we made when this measure was enacted last year, and that is also a feature that this government intends to respect in the interpretation and application of the act.

I have before me a resolution from a committee dealing with municipal affairs of the city of Montreal, dated June 5, 1935, in which it is precisely requested that the government should not be too hasty in applying this housing act, because, it is pointed out, the government or the state must not compete against small property holders in such a sphere. It is, therefore obvious that, while the question is first a municipal and provincial one, it may from a certain standpoint become a federal one; that is why I congratulate the hon. member for St. Mary (Mr. Deslauriers) for having submitted this resolution to the house. I am aware that this is a very serious problem in our large cities, and had I simply been the member for St. James, I would nevertheless have risen to support the resolution of my hon. friend for St. Mary. I am pleased to inform him, on behalf of the government—while bearing in mind the reservation I have just mentioned—that as his resolution calls only for a study of the problem of small property holders, the government has no objection, in so far as it is concerned, to accept this motion. It goes without saying that the government is desirous that these small property holders be given, as my hon. friend stated himself, every consideration to which they are entitled.

Mr. Speaker, I desired to speak on this motion in the language of the mover (Mr. Deslauriers) out of courtesy to him and in order to uphold that very good usage which permits the conducting of the debates of this house in both languages. I do not desire to repeat my argument. I have made a qualification in accepting the motion, namely, that I believe the responsibility for the welfare of the small property holder is primarily —municipal and provincial. Inasmuch as the motion calls for a study of its subject matter, and as there can be no objection to giving effect to such a pious wish, I am quite willing on behalf of the government to accept the motion and to congratulate again the mover.

Mr. E. C. ST-PERE (Hochelaga) (Translation): Mr. Speaker, during the session of 1934 I rose to present to the house the needs and claims of the small property holders of the city of Montreal. They requested me, during the last election campaign, again to intercede with the federal authorities on their behalf. Like all members who preceded me in this debate, I admit that this question primarily concerns the provincial authorities, but I might also point out that the Dominion government should not abstain from dealing with the purely practical side of this problem. May I sir, congratulate the hon. member for Jacques Cartier (Mr. Mallette) who, this evening, has presented the claims of small property owners for the relief they need. The majority of small property holders, in Montreal, belong to the working classes; they have followed the advice of the economists, who have followed the recommendations made to them from public platforms and even from the pulpit, to be thrifty and invest their savings in fully secured investments. The small property holders of Montreal and of every city of Canada have been creators of wealth; they have accumulated savings from their small earnings, not only for their own ends but in the interest of the whole community which they have served by contributing to our large cities a considerable portion of the taxes levied, etc. They have supplied work to the working classes and paid them high wages, thus raising the purchasing power of the workmen and greatly increasing the revenue of merchants in all our cities.

In the course of last year's session, the principle of assisting all classes of society was recognized by the house, and this principle, it must be admitted, has always formed part of the Liberal party's policy. We now have rural credit. Why then not facilitate loans at reduced interest to our small property holders and why not establish in this country a system of real-estate loans? This, sir, is a suggestion I make, to the house, as representative of Hochelaga. I also belong to this class of property holders who, to-day, claims consideration from the public authorities.

Since the question of more intimate cooperation between the federal and provincial

authorities has been mooted for some time past, as our Secretary of State, the hon. member for St. James (Mr. Rinfret), has stated, why should this matter not be again considered in the course of future negotiations between provincial and federal authorities.

I would not go so far as to advocate in this house that the Canadian government follow in all respects the policy of Mr. Roosevelt towards small property holders; but let us bear in mind that, thanks to the Home Loan Banks, to the institution which he has created, Mr. Roosevelt, in issuing bonds at reduced rates of interest was successful so far in saving the properties of small holders; more than 880,000 small American property holders have benefited from this protection.

With reference to the measures enacted by the United States government, which I mentioned a moment ago, some have been declared ultra vires by the Supreme Court of the republic, but to conclude from this that our government, through fear of these decisions of the United States Supreme Court, should entirely neglect those who at present need relief is a far cry.

The member for Hochelaga, like all those who have preceded him in this debate, recognize that the federal government cannot be held responsible for the present depression, but for heaven's sake, let us spare those who have economized, let us lend a hand to those who have brought wealth to our cities, let us relieve those who have built homes to insure the future of their wives and children; let us prevent by legal means, I say, these home builders, these small property holders, from being suddenly despoiled of the fruit of their thrift.

Certain loan companies, sir, shamelessly exploit the small property owners of our cities. These people seize properties without any compunction and what is amazing—I have myself ascertained the fact in my own constituency—these people, after taking possession of a property, find it always possible through their organizations to compete with small neighbouring property holders, who have bled themselves to meet their obligations, by lowering the rental of the houses they seized.

I wish to state to the house that like the hon. member for St. James (Mr. Rinfret) I am not very enthusiastic over the coming into effect of the housing bill, so highly praised in the house of late. There is not such a scarcity of houses in Montreal, and if two households occupy the same home, it is not because the number of houses is limited, but because the workmen living in that manner cannot afford to rent a separate home; they simply have not the money to pay the landlord. Such conditions are due to the present depression.

I have nothing further to add; but may I, sir, thank the hon. member for St. Mary (Mr. Deslauriers) who, like myself, represents a working-class constituency composed of small property owners, for having followed the claims previously submitted to the house on behalf of the more humble dwellers of our large and small towns throughout the Dominion.

Mr. DAVID SPENCE (Parkdale): Mr. Speaker, I had not intended taking part in this debate, but I have been moved to do so by what has been said by other hon. members. I rise to endorse the sentiments expressed by the hon. gentleman who introduced the motion (Mr. Deslauriers) and I wish to congratulate him upon bringing it before us. Since I have been a member of the house the urban centres have received very little consideration from any government. I see no reason why industrial workers in these centres should not receive the assistance which they need so badly. I am glad the Secretary of State (Mr. Rinfret) has said that he is willing to accept this resolution, but I do not agree with him when he says that this matter is a provincial responsibility. I think the federal government has some responsibility for the urban as well as for the rural centres. Assistance has been given to rural Canada by way of farm loan boards and the farmers' creditors act and many other pieces of legislation, so surely something can be done to help those in the urban centres who are in such distress. I could picture to hon. members many instances of distress which I have seen in my own city, but I do not believe in doing that as it is bad advertising for Canada. My hon. friends to my left indulge in that sort of thing but I never do. Such tactics do not bring good results and there is no use talking about anything that does not bring such results.

I know of working men who for the last twenty years have lived economically and saved every cent, but who have lost everything in the last five years. If the present state of affairs continues, the city of Toronto will be the largest landowner in that centre. Taxation is high because of relief costs and interest rates should have been reduced long ago. These conditions have proved a handicap to the thrifty man in the city who is trying to get along. They have also affected the builder who has constructed a few houses for rental purposes. Even though he has all his houses rented, in many instances they are rented to

people on relief. Such a man finds it difficult to collect his rents and sometimes he loses one house after another in an effort to save what is left. There are many instances where a man has endeavoured to purchase a home worth from $3,000 to $5,000; he may have managed to pay everything up to about $1,000 or $1,500, and then he loses the whole thing. This is what is happening in Toronto, and I assume the same thing is occurring in all the urban centres of this country. I appeal to the government to set up a committee of some sort to try to discover means of assisting the people mentioned by the hon. member for Broadview (Mr. Church) and the mover of the resolution. I hope the government will give this matter every consideration because it is absolutely essential that something be done.

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, coming as I do from the third largest city in Canada and representing a portion of that city which is composed very largely of home owners of the class and description mentioned in the resolution under discussion tonight, I would be doing something less than my full duty to the great majority of my constituents if I did not rise to my feet to say just a word or two respecting the seriousness of their situation and the earnestness with which they are looking to the legislators of Canada for some measure of consideration. They are looking to the federal and provincial governments for assistance and the efforts to be made on their behalf need not necessarily conflict. Therefore I think it is a responsibility of mine to lay before the house very briefly the opinion which my constituents hold and the opinion which I, their representative, hold, knowing their conditions to be what they are.

During the last five or six years I believe this class of citizen of the cities of Canada has done more in the way of burden bearing than has any other class in the dominion. Not only have they been forced during these trying times to maintain their homes on very much reduced incomes, but, as tax collections will prove, they have had to carry the burdens of their less fortunate brothers. Therefore, whenever their plight is raised in the house the good resolution which I made when I came here for the first time a couple of weeks ago has to go by the board like most of the other good resolutions which I have made from time to time. That resolution was to hear and not to speak. But on behalf of those people whose problems I know and sympathize with, and whose problems I believe every hon. member sympathizes with, I feel compelled, when such problems come before the house, to rise and speak as briefly and sincerely as I can. The present resolution is in my opinion one that deals with a problem which, in the words of the motion itself, should be the subject of study. The resolution does not go very far, and with that I have no quarrel at the moment; but the problem of the people I represent is one that should be investigated. The motion proposes a short step in the direction in which I hope the government will shortly move. I rose simply to record my own humble opinion that a great need exists.

Motion (Mr. Deslauriers) agreed to.

UNEMPLOYMENT

PROPOSED PROGRAM OF PUBLIC WORKS AT TRADE UNION RATES OF PAY

Mr. C. G. MacNEIL (Vancouver North) moved:

That, in the opinion of this house, the federal government should assume full responsibility for dealing with unemployment as a national problem;

That the government should consider the adoption of an extensive program of socially useful public works and services such as housing, reforestation and public health service;

That those employed in such works and services should receive a living wage at least equal to trade union rates of pay;

That pending such provision the unemployed should receive more adequate maintenance, which we suggest might be provided by a steeply graded super-tax on incomes over $10,000.

He said: In advancing this resolution I have in mind a criticism frequently levelled against members of this group, that they do not give sufficient attention to so called practical considerations. In my opinion the resolution contains several practical suggestions which are worthy of consideration by members of the house and which should be explored to the limit of their possibilities. Let me assure you, Mr. Speaker, that I do not offer it as a panacea for all our economic ills or as the final answer to the riddle of unemployment. I trust, however, that the resolution will be accepted as a basis of useful discussion leading, in some degree at least, to an amelioration of the consequences arising from widespread unemployment.

As I view the present unemployment situation in Canada, it reveals conditions of almost revolutionary significance; and in the face of these conditions the most practical thing the most practical man can do is to consider the inward meaning of these conditions and their trends and to

devise a definite and courageous course of action. We have reached the stage where we must think less of unemployment and more of employment, where we must think less of merely feeding starving people and more of their restoration to useful activity and self respect. The first and most significant fact staring us in the face at this time is that in December last there were in Canada 1,206,429 persons in receipt of some form of relief. In February, 1935, there were 1,054,821, and in February, 1934, there were 1,154,822. These figures include all dependents and all farmers receiving aid in the dried out areas; but it is estimated by those who have reasonably accurate knowledge of the situation that this number includes some 400,000 wholly unemployed wage earners; and if we were to add to this number those temporarily or seasonally unemployed the total would probably be 600,000.

This figure means that something like twenty-three per cent of the wage earning population of Canada are now without gainful employment. It has been shown by our official statistics that in ninety of the largest towns in this country an average of 16·7 per cent of the population is on relief, and the percentage runs as high as 47 per cent in some areas. These are staggering figures, but I do not intend to juggle statistics merely for the purpose of painting a gloomy picture. I think the facts we should keep clearly before us are that in this large number of people on relief there are from twenty-three to twenty-eight per cent of our Canadian workers, and that this condition has persisted for a number of years and is not likely to be quickly removed unless we employ drastic remedies.

It is easy to overlook the fact that this condition of prolonged unemployment has disastrous cumulative effects. As the days go by, without some definite policy with regard to this problem, more and more people are reaching the end of their resources and are being relentlessly forced into the bread line. As the days go by more and more of those now on relief are finding their means of coping with the situation becoming exhausted and they are being forced into a more and more hopeless position, losing thereby what is most important, their recuperative powers, and facing conditions which definitely undermine their physical and moral stamina.

In determining our approach to this problem we should not overlook the fact that since 1930 in Canada there has been expended from the federal, provincial and municipal treasuries a sum in excess of $500,000,000. This also is a staggering figure, especially when we consider that we must add to it very considerably before the need disappears. What we must face in the house at this time is not only the fact that this vast sum has placed an intolerable burden upon the provinces and municipalities, bringing many to the verge of bankruptcy, but that the money has not been expended in such a manner as to achieve the most effective results. As regards liquidating the situation, we are in a worse plight than when we started. All we have done is to provide a bare minimum of food and shelter for those in destitute circumstances; and because we have done this and nothing else we are aggravating certain phases of the problem and assuming heavy commitments of a more or less permanent character which the taxpayers must bear.

Members of the house, I feel, are compelled to agree with the Minister of Labour (Mr. Rogers) that we have suffered and paid a heavy price for lack of a properly coordinated plan. It is true that in 1930 no one could have foreseen the extent of this crisis, but we are in a position to-day more accurately to gauge the results achieved under the policies of the past four or five years and to reckon the cost of these or alternative policies with regard to the future, for this problem will certainly remain with us in substantial proportions for some years to come. It should be emphasized, I think, that the financial cost of unemployment in Canada is as nothing compared with the social cost of unemployment stated in terms of human life and welfare. This feature cannot be ignored. Nevertheless for strictly business considerations, if for no other considerations, we should abandon the patchwork system of temporary expedients, and instead of subsidizing unemployment we should start to subsidize, more definitely, employment.

Before dealing with the suggestions contained in the resolution I should like to deal briefly with the attitude taken towards this problem by many members of the house during previous debates. I infer from their remarks that they consider the unemployed themselves should show a great deal more initiative and resourcefulness. I wonder at this, when we as a nation through our legislative bodies have certainly not shown any great degree of initiative or resourcefulness in dealing with the fundamental causes of the problem. Many seem disinclined to think about the problem at all. In spite of what has been revealed about conditions in rela-

tion to unemployment they seem to suggest that the government has squandered millions of dollars to keep these people in idleness; that those on relief could get jobs if they wanted to, and that relief satisfies the majority of them anyway, so why worry? They suggest that the unemployed might be returned to pioneer conditions and left to "rustle" a living somehow.

This policy was suggested to me in a very blunt and pointed way at a conference not so long ago by a prominent representative of business interests in this country. He remonstrated with me for advocating measures that were not at all radical or revolutionary but were designed to spread more equitably the available opportunities of employment. He said, "The sooner we get back to the good old days of 'root, hog or die,' the better." That was a very blunt restatement of the doctrine of rugged, or if you like, of ragged individualism and the survival of the fittest. Nevertheless there are many who still hold this view and urge that we put the brakes on all manner of social legislation at this time. I feel that those who would condone this policy of drift or of rugged individualism as applied to the unemployed have surely overlooked the changes that have occurred in the Canadian social and economic structure and the manner in which these changes have affected the great majority of wage earners in Canada.

It was only a few decades ago that the great majority of Canadian workers were farmers, lumbermen, shoemakers, blacksmiths, or were engaged in other trades where they worked on their own account with their own tools and with a greater degree of self-reliance than is possible to-day. Many individuals in those days scorned to work for hire. Those who did work for wages consisted mainly of lumberjacks, seamen, a few farm labourers and domestic servants, and probably those who were employed by the fur-trading companies. When one contrasts this with the situation that exists in Canada in 1935 and 1936 one will find that the wage earning class or the working class, including those who receive what are politely called salaries, amounts to over three-fifths of the working population of this country.

In the early stages of Canadian development the workers lived mainly in small towns and villages and usually had a small piece of land or a wood-lot on which they could gain a living, so that seasonal unemployment was a misfortune but not actually a calamity. There was not the modern form of specialized production. They were not confined, as present workers are, to specialized labour. They usually could do anything or go anywhere as demanded by the rough work of a pioneer community. These conditions developed in them an adaptability and a dependence on their own resources in marked contrast to the capabilities of the modern wage earner who has been forced to specialize perhaps with the same kind of tool or machine for half a lifetime.

This process of modern industrialism with its mass production technique has had on Canadian life an impact which has been condensed into a short period as compared with similar developments in European countries. As machines displaced labour, only those in the wealthier class could afford to own and control the tools, the machinery of production. As these developments took place, Canadian workers were alienated from all access to the sources of wealth production. Hence we have ownership of the vital instruments of production in the hands of a comparatively small owning class, and the great majority of our people have been obliged to hire themselves out by the day or week to work in those enterprises controlled by a few. This means that a comparatively large proportion of the Canadian people have nothing to exchange for the commodities required to satisfy their material wants except their own labour power, and they must market this on the labour market. They can secure a livelihood only as they are engaged in co-ordinated groups as and when required by the owners of the machines, and because of the trend of events over which they have no control they are left more and more helpless and without opportunity to apply individual initiative or resourcefulness during this period of economic instability.

A century ago not more than one out of five of the occupied population in this country worked for hire or received a salary. To-day the wage earning group has changed from twenty in a hundred to sixty or seventy in a hundred. In this as well as in other countries the wage earners have risen from this comparatively small minority of twenty per cent to become a powerful and unorganized majority consisting of seventy per cent of the whole population that might be gainfully employed. At the same time the percentage of our population engaged in farming has fallen proportionately from fifty to about twenty-five per cent. The percentage of our population living in towns of 5,000 or over has risen from twelve and a half per cent to approximately forty-five per cent.

Also, according to the latest statistics, seventy-eight per cent of dwellings in rural

districts are occupied by owners, but in urban centres only forty-five per cent are shown to be dwelling in homes for which they may claim ownership. It should be noted that many of these homes are so heavily mortgaged, as witness the evidence presented in the debate on the previous resolution, that ownership confers upon these people merely the doubtful privilege of paying taxes and repair bills. At the same time we are aware that the average wage in Canada has never risen above $1,000 per annum. Nearly half the population over seventy years of age are eligible for old age pensions. It is quite accurate therefore to say that there is in Canada a large propertyless working class numbering perhaps over two millions, or sixty per cent of our working population. In the United States statistics give the proportion as seventy-three per cent, and it is reasonable to assume that developments in Canada follow the same trend. This is a natural development under capitalism.

More and more the workers are being alienated from access to the means of work. So I ask some previous speakers: What are our unemployed to do? Why should they be exhorted to "rustle," as these hon. gentlemen suggest? To live they must eat; to eat they must work; to work they must secure employment. They can secure work only from those who own the means of work. To-day the supply of labour is greater than the demand. This leads us in this group to the conclusion that security for the worker will not be established until the nation owns and controls the means of work. I mention this point at this stage, however, to emphasize the fact that to-day the workers are in a greater degree than before dependent upon private enterprise. The worker is helpless unless he can gain access to the land or tools through which he may employ his labour power and gain a livelihood, and for this reason I feel that the house cannot escape responsibility for widening the opportunities for the worker who finds himself in this plight.

Another feature of the situation that cannot be overlooked is that we are rapidly tending towards a condition of chronic or permanent unemployment, and that whatever may be done to bring about a revival of export trade and thereby stimulate our productive activity, these measures will not and cannot possibly provide for the re-absorption into industry of all our unemployed in Canada. Due to technical advances in industry there is little hope that we can substantially reduce our unemployment simply by the methods to which I have referred. To get a proper understanding of the situation I think we should study very carefully the statistics of unemployment prior to the beginning of this depression, namely, during the period from 1920 to 1929. It was interesting to note an editorial appearing in the Ottawa Citizen only the other day as to the manner in which employment in the United States is keeping pace with the recovery that is evident there. The editorial states:

> The singular fact regarding "recovery" in the United States is that the gain in production is not being accompanied by a corresponding gain in employment. While the nation is three-quarters of the way towards bringing production to its pre-depression level it has gone only a little more than a third of the way towards bringing employment to its 1929 level.
>
> No one knows for sure how many unemployed there are in the United States, but the generally accepted total to-day is ten million. This represents a drop of some four millions from the depression's worst, or a gain in employment of forty per cent as compared with a gain in production of seventy-five per cent.
>
> Unless progress through the remaining twenty-five per cent cuts down unemployment at an infinitely greater rate than did progress through the first seventy-five per cent, it follows that even when the United States is producing on the old pre-depression scale again, the unemployed will still number in the neighbourhood of five million.

The official report, Recent Economic Changes, shows a decline in the number of persons employed in the United States from 25,105,000 in the period from 1918 to 1920 to 23,420,000 in the period from 1924 to 1926. This was accompanied by an eighteen per cent increase in total output. In other words our peak of employment on this continent was reached in 1918; the peak of production was reached in 1929. Prior to 1929 we have adequate evidence as to unemployment caused by technological advance in industry, and while it is true that a large percentage of those now unemployed in Canada have been brought to their present plight because of general economic conditions it is also true that included in that percentage is an increasing number of workers displaced by technological progress in industry. It is interesting to note that an official report further states:

> The elimination—or the release—of human labour as a result of technical progress is by no means peculiar to very recent times. It is, indeed, one of the essential processes in the course of economic and social development. But for the spread of machinery it would scarcely have been possible to raise the standard of living of the world. The nineteenth century was truly an age of miracles in the realm of technical progress. But so long as the liberation of workers from certain branches of production is more than balanced by the creation of new branches and the expansion of production as a whole, there is no such thing as a problem of technological unemployment.

Even if the balance is temporarily disturbed the results may be considered as part of the price nations have to pay if they wish to progress. The novel feature in the industrial development of the United States after the war was that the counter-balancing mechanism broke down right in the middle of a boom period, and the expansion of production created no extra demand for labour.

It is clearly shown that the annual increase in output per head of wage earners in industry during the period 1923 to 1929 developed at the rate of 4·8 per cent. It is also shown that any increase in production was not serving to absorb the workers released by technological progress. It is also interesting to note that in four years the oil refineries increased output eighty-four per cent, and laid off five per cent of their men while doing so. The tobacco manufacturing output climbed fifty-three per cent during the same period while thirteen per cent fewer men were used in the process. In Iron Age we find this interesting statement, which is confirmed by the findings of Stuart Chase:

If the productivity of industry through mechanization continues to increase in the next twenty-five years in the same way and at the same rate as during the last twenty-five, only 45 men will be needed for the work which to-day requires 70 and that formerly required 100. In the automobile industry 30 workers were doing in 1925 as much work as 100 workers in 1914. What are we going to do with the 25 men out of 70 that are displaced in the next twenty-five years? And there may be far more than 25 displaced, as the curve of technology is an accelerating one.

I think that is a question for which we should endeavour to discover an answer in Canada to-day. There are other factors to consider, such as unemployment resulting from mergers. It is well said that under every merger you find a human bargain basement. As a result of the mergers that have taken place in Canada more men than ever in the $3,000, $4,000 and $5,000 a year class are seeking employment at lower rates of pay.

Another factor to which I think we should give earnest consideration is the fact that efficiency experts, undertaking what is sometimes called the rationalization of industry, are steadily eliminating men. This happens whether men are swinging picks in the coal mines, sorting potatoes, picking fruit or doing many other things. The time-study brigade are eliminating motions, and with the motions they are eliminating men. Not only in motions but also in shop arrangement, routing, lighting, ventilating and management generally is this process being carried on. It is true that this brings about better conditions but almost always it results in fewer men being employed. The statement is made by prominent economists that even if we could restore our trade and industrial conditions to the productive level of 1929 there still would be no work in Canada for approximately fifty per cent of those now unemployed. I submit, Mr. Speaker, that the trend now developing in the growth of our productive forces indicates that we are fastening upon Canada a condition of permanent or chronic unemployment, and in my opinion it is intolerable that we should even contemplate a condition of permanent unemployment in a country so richly endowed with natural resources as Canada.

The first suggestion I have to make is that the federal government should assume full responsibility for dealing with unemployment and unemployment measures. I feel that this step is essential if we are to achieve a national and properly coordinated plan to deal with the problem. There must be not only federal responsibility but also federal direction and control. I feel that to all intents and purposes the federal government is now assuming almost entirely the financial responsibility for this problem. Why should not the present administration go but a step further and assume a larger measure of management? I understand that as a result of the conference with the provincial governments the way has been cleared of constitutional difficulties, and I submit that the situation is of sufficient gravity to demand the mobilization of all our national resources. We would attempt such measures if a similar number of Canadian citizens were threatened with death through war conditions. To-day they are threatened with conditions equally dire, that may be termed famine conditions. They are forced into slums. The statistics of juvenile crime are mounting year by year. Our educational institutions are turning out thousands of young people every year to waste their trained faculties in a hopeless search for employment. Many of those on relief are at the peak of their physical and mental powers but know they will never work again, while many of our young men have not yet learned what work is. It has been aptly said that unemployment is doing to the bodies and souls of the present generation what the war did to the bodies and souls of those of another generation. It is not only the increase in the burden of relief costs but the demoralization, the pauperization of men that demands some change in our relief policy, a more enlightened and humane procedure than the mere payment of relief.

There is a woeful lack of uniformity in the present scheme. In British Columbia I find from personal observation that the monthly

payments to the average family of five range from $16 a month in some districts to from $35 to $38 in others. Some work for the relief, many do not; policies differ in different municipalities. Some receive a degree of medical attention and care; in other districts this need is absolutely disregarded. In some districts definite provision is made for rent, fuel and clothing; in others, particularly the unorganized districts, no provision whatever is made for these needs. All through we find the supplementary activities of social welfare agencies related to the general relief scheme in a haphazard and ineffective way. This spells waste and inefficiency and not only tends to breed distress in many quarters but produces a very unwholesome atmosphere. Any effectiveness of unemployment relief as now operating is largely lost because of this general mismanagement, which I contend is due to lack of coordination on a national basis.

The need for national coordination is shown very clearly in the operation of the Employment Service of Canada. In 1919 parliament passed the Employment Offices Coordination Act, the purpose of which was to establish in Canada an employment service patterned after the system of labour exchanges which was then operating in Great Britain, and which has operated with a reasonable degree of success there since that time. The federal government defrays I think fifty per cent of the cost of the maintenance of this service. The personnel is largely furnished by the provincial governments. The results however have been in my opinion wholly unsatisfactory, largely by reason of the loss of confidence that has developed, among employing interests as well as among the unemployed, in the efficiency of this service.

I have some knowledge of the purpose of this legislation, and it was clearly in mind at that time that this service should become a genuine placement service; that it should be manned by people expert in determining vocational aptitudes and in the scientific placement of workers. It was also intended that this service should bring about definite cooperation between organized interests throughout the country and the government. Provision was made for the establishment of an employment service council to act in an advisory capacity to the Minister of Labour. This council was to be representative of all organized interests; agriculture, labour, ex-service men, the national council of women, manufacturing interests and so on. I understand that the last time this council was summoned was in 1930, prior to which date it met infrequently. Provision was made also for the establishment of local employment service councils affiliated with the local offices of the employment service. There seems to have been some disinclination on the part of officials to accept the cooperation of the organized interests in the various communities, with the result that the service has largely failed to command general cooperation in these communities. To a large extent the offices serve merely for the mechanical registration of those who may apply for work and the occasional inquiry for workers by employers.

Because of lack of coordination in this and other respects we are far behind Great Britain and other countries in our technique. I have not time to make any detailed comparison with the United Kingdom except to say that there the wage earner to-day is assisted and guided by the government practically throughout his whole life by the following methods: Maternity grants to workers; free medical treatment and hospitalization, not only to the worker but to his dependents; illness allowances; financial assistance to parents whose children, between the ages of fourteen and sixteen years, are continuing school; unemployment insurance benefits for those workers coming under the act and unemployment assistance to those who do not; free juvenile and other courses of training and instruction; the payment of pensions to widows of insured workers and allowances to their children; and finally old age pensions to any non-contributory persons arriving at the age of seventy years, and old age pensions to contributors upon reaching the age of sixty-five years. In many respects they are in advance of the methods employed in Canada. I realize that it may not be possible to do in this country all that has been done in Great Britain; neverhteless we should profit by the excellent results achieved in the mother country.

I suggest that we should now institute socially useful public projects, and in this way provide employment for those now unemployed. In discussing this matter in a previous debate the minister quoted a statement issued by the imperial ministry to the effect that public works have not been found effective. I would refer him to the reports of the International Labour Office in which a very careful study has been made in this regard, and the conclusion reached that in many respects public works have served to stimulate employment. One conclusion reached was stated in these terms:

Even when the problem is examined in very great detail the old truth is confirmed that

to give employment on schemes in which wages form a high proportion of the total cost is the best way to provide more employment.

Much has been done by the housing measures in Great Britain. I need not remind the minister of all that has been accomplished under the housing scheme in Great Britain; the Labour Gazette for January, 1936, gives a complete report.

It is interesting also to note what has been accomplished in Sweden. It is stated there by reliable authorities that the big loan expenditure largely devoted to this purpose and incurred during the financial years 1933 and 1934 appears to have met with success, since production is greater than in 1928 and unemployment is less than at any time since the early months of 1932. The index of production has gone up mainly in consumers' goods.

It goes without saying that in public works projects the workers engaged should be paid the going rates of wages. To do otherwise would have a most deplorable effect on wage levels and would react disastrously on the success of any such scheme. The "work for relief" policy which has been in force in many sections of the country has been most pernicious in its effects. It has created a wrong attitude on the part of those affected and has actually worked a hardship on men who, without any increase over and above the relief payments, have been put to the expense of buying protective work clothing and food necessary for the satisfactory performance of manual work. I suggest that housing, reforestation and development of health services would provide employment on the basis that I have suggested without any undue outlay for material or equipment or any undue capital outlay in relation to the total cost of the projects. These projects are at least to a degree self-liquidating, and they would at the same time meet a serious social need. I suggest that they could be financed by opening up fields of taxation not yet developed, but I shall not deal with that at length except to say that in principle it seems to me just that those who have been able to secure large profits during a period of depression should now be called upon to make some further contribution to the welfare of those who have suffered the most during this period of depression.

The Minister of Labour (Mr. Rogers) suggested in a previous debate that we should exercise prudence in determining the limits of government expenditure and government borrowing in regard to these projects. I am not suggesting in this resolution that we should spend our way into prosperity, but I am indicating to the minister, who is well versed in sociological and political problems, that if prudence should dictate the limits of public expenditure, then prudence should also determine the limits beyond which we should not require our unemployed, those now in distress, to endure their present misery. The minister is well aware as are other members of the house that conditions developing in Canada to-day because of unemployment are largely destructive of our democracy. We must consider matters of public expenditure sanely and rationally. It is the wiser part to anticipate the demands of the future than to attempt to devise policy when we are confronted with the clamorous cry of those who are experiencing the pangs of hunger. I suggest that the government may accept this resolution in principle at least because it is well within the range of government policy as already outlined.

Many will suggest that we must go very carefully lest we court or bring about a major disaster. I often wonder, Mr. Speaker, what such persons would consider as a major disaster. We have over one million people so destitute of this world's goods that they must apply for relief. If we had over one million people in an army we would consider it a very large army, or if we had one million people sick, suffering from some epidemic, we would turn almost the whole country into a hospital. I say that our unemployment to-day is in every sense of the word a major disaster and should be dealt with on that basis as a great national emergency, requiring a definite course of action and a complete and unified mobilization of all our national resources. I would earnestly appeal to the Minister of Labour and the members of the government generally to accept the resolution as indicating steps which may safely be taken at this time towards at least the amelioration of the evident distress, and which will lead more definitely than our policy of the past towards the restoration of at any rate some of our people to a larger measure of independence, freedom and comfort.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, in rising to speak on this motion I am fully aware that the subject has already been comprehensively dealt with by the mover (Mr. MacNeil) and also on a resolution of a similar nature which has been before the house, but as, according to the speech from the throne unemployment still remains one of our most urgent national problems, I do not believe any discussion that may take place on this resolution is a waste of time. I shall, however, in my remarks try to avoid any repetition of facts and points that have already been taken up. I do not believe we can over-emphasize the absolute necessity of

dealing with this problem in the immediate future. It would be superfluous for me to endeavour to describe the deplorable conditions of the unemployed as we find them to-day. Many cases of a serious nature have been placed before us, and I am sure that each and every member of the house is well aware of the conditions of the unemployed.

There is, however, one feature of the unemployment situation which I feel we are sometimes prone to forget. The greatest punishment which the unemployed are receiving under present conditions is not the lack of the physical necessities of life, but a far greater punishment, I believe, which they are undergoing at all times is the mental torture which they are called upon to endure. I sometimes think it is only those who have gone through the experience themselves who can fully realize the mental torment which the unemployed must experience to-day. I am sure, however, that we realize their humiliation at being compelled to accept the dole. I believe the condition of our youth to-day is most serious. No one but the young man or the young woman himself or herself knows the mental torture and agony they must endure when they realize that there is no hope for them. Is it any wonder that they are tempted to take their lives? Undoubtedly at this very moment there are young people throughout our land who are debating whether or not to end it all. I believe their agony would not be so great if they felt that their unfortunate circumstances were due to a famine or some other visitation of a like nature, but the fact is that they see the actual physical possibilities and realize that they are living under conditions which really need not be tolerated. We all know there is no lack of the physical necessities in this world. We know that providence has been kind enough to bestow on this earth a superabundance of all things.

However, what do we find? Man to-day, instead of making use of all these blessings as he should, is deliberately destroying them. According to a report in World Events, the commission for relief declares that during 1934 the following foodstuffs were destroyed: One million cars of grain, 267,000 cars of coffee, 560,000 hundredweight of sugar, 50,000 hundredweight of rice and 50,000 hundredweight of meat. When I was a child my mother taught me that it was a sin to destroy even as much as a crust of bread, a gift with which God had blessed us. This wholesale destruction of the blessings that have been bestowed upon us is a crime. Who knows but that providence may withhold its blessings.

Mr. CAHAN: Where did this enormous destruction take place?

Mr. KUHL: That is a summary of the destruction that is supposed to have taken place throughout the world.

Mr. CAHAN: Did any part of it occur in Canada?

Mr. KUHL: Not that I know of. Is it any wonder that people are asking why this should be, why they should not be permitted to enjoy these blessings? I contend it is ridiculous for anyone to-day to maintain that we are living in an age of scarcity. The mover of the resolution has given us plenty of evidence as to the extent to which goods can be produced to-day. Are not all human beings entitled to the blessings which have been bestowed upon man? We call ourselves Christians, but if I know anything about Christianity, it is not Christianity to act as we have been acting. Unless we remove this blot from civilization we will lower ourselves to the point where we shall have to admit that we are hypocrites, we shall have to consider ourselves as nothing less than heathens.

After five or six years of experimenting with palliatives, I believe the time has come when we should begin to formulate a permanent solution of the unemployment situation. As the mover of the resolution points out, unemployment is a permanent problem and is on the increase. The best brains in the country are endeavouring to-day to eliminate employment; when a manufacturer says that he is reducing costs he means that he is eliminating labour. We know that industry never can absorb all the people in need of active employment. The object of the resolution is to provide employment. I agree with the mover that the construction of public works is right and proper and we all know that a great deal can be done in this connection, but I do not agree with the idea of constructing public works just for the sake of creating work.

I believe we have arrived in our economic and industrial history at a stage at which we shall have to change our ideas with respect to many matters. Many statements are taken as axiomatic which are not so. It is a fallacious argument to maintain that the economic system is failing because it does not provide employment. The purpose of an economic system is not to provide work, but to provide and distribute goods and services up to the consuming capacity of the public. Considered from this point of view, the perfect economic system would be one which necessitated no employment at all; it would be

one by which all the goods and services required by individuals would be dropped into their laps just as a banana drops from the tree or the sunshine pours down in the morning.

I am not suggesting that provision of employment is not desirable, but provision of employment is not fundamental to an economic system. To illustrate a little further what I mean by this, I should like to give a definition of "work." When considered from the economic standpoint "work" is really a very ambiguous term. If we define "work" as being an involuntary or forced activity, we have still to distinguish between activity forced upon man by nature and activity forced upon man by other men. There is the work forced on man by nature—the work God referred to when He told Adam that, outside of Paradise, nature would yield him bread only in the sweat of his brow. There are the slave owners and bankers, for example, who from their high thrones declare that man shall not eat, not without nature's consent but without their consent. Work forced upon man by nature is natural and dignified and necessary, whereas work forced upon man by men is artificial, unnecessary and degrading.

Ever since the history of man began he has been endeavouring to free himself from both kinds of work. Freedom from servile labour may be defined as liberty; freedom from nature forced labour may be defined as progress. Man has always striven individually for liberty and collectively for progress. Collectively man has attained a degree of progress beyond his wildest dreams and many statistics have been quoted to substantiate that fact. But tragically enough, just at the very moment when the state of progress warrants a wider extension of individual liberty than any community has ever enjoyed, the world is faced with the threat, backed by the sovereign power of private credit control, of an ever increasing number of individuals being forced into artificial, man-made servitude. That is exactly the position we find ourselves in to-day. The condition of progress to-day warrants a leisure state, that is, a condition of economically guaranteed voluntary activity. The leisure state with all its cultural possibilities lies at our very door. Of course I quite realize that it is somewhat ironical to speak of a leisure state when what most people are looking for is bread and butter. However, that is the possibility which our present economic system holds out to us when it is accompanied by a proper monetary policy.

I believe that we are faced with two alternatives. Unquestionably in the very near future we are going to be compelled either to introduce a leisure state or to participate in another world war, and I believe the determining factor is going to be our financial policy. I do not at this time desire to enter into a discourse on financial policy, but I would say this: The solution not only of unemployment but of all our problems lies, I believe, entirely in policy. I disagree with my hon. friends to the immediate right in this. The solution lies not in ownership but in policy; and if we adopt a monetary policy which will make financially possible what is physically possible our problems can be solved.

I would conclude with a few quotations from Major Douglas to show the gravity of the situation which we are facing to-day. In giving evidence before the committee on agriculture of the legislature of Alberta Major Douglas was asked this question:

Q. Is there any way to stop the erratic retreat in living standards except by changing our present method of distribution of goods and services created?

A. Yes, and it constitutes the greatest danger with which the world is faced at the present time. There is no difficulty whatever in providing the world with a rationing system if you establish everywhere a complete dictatorship, leaving all powers in the hands of the dictator. Unless steps are taken within a comparatively short time to readjust the financial system so that it will work, the financial system as we know it will be swept away and we shall all be faced everywhere with some form of dictatorship, either fascist or what is called communist, which is, I think, in the strict sense, not communist at all but another form of dictatorship. It is possible to deal with the material basis of the present problem; it is possible to provide for the general public a higher standard of living, through the agencies of a dictatorship; but that involves a surrender of all those things for which the Anglo-Saxon race has fought for a thousand years.

He elucidated this by an answer to a further question:

Q. Major Douglas, you said this afternoon, "without surrendering the things we have fought for, for a thousand years." What are those things?

A. The things that we have fought for for a thousand years, I should say, are, broadly speaking, the right to express our opinions upon any subject whatever, the right to see that we have control of such matters as education in its broadest form, the right to see that we are not plunged into adventures, national or otherwise, which are being pursued for reasons with which we could not agree and over which we have no control, and the right to see that we are not hindered in the attainment of legitimate desires which can be attained without preventing our neighbour from also attaining the same result. That is a very cursory view of the situation, but it is undoubtedly summed up in the word "liberty."

Let me give one more quotation from Major Douglas. Giving evidence before the same committee of the Alberta legislature, he said:

> And just as I told them in Ottawa in 1923 exactly what was going to happen in 1928, so I tell you now in 1934 that before 1940, if you have not changed this financial system, it will change and probably eliminate you.

I think that gives us a definite idea of the possibilities of the very near future. In view of the fact that the prediction which Major Douglas made in 1923 has been literally fulfilled and we are still endeavouring to extricate ourselves from the conditions which he predicted, who is there but will say that if our monetary policy is not changed we shall find ourselves in the condition to which he refers and that this will take place before 1940? I am heartily in sympathy with the principle of the resolution as a means to assist the unemployment situation through the transitionary period, but I feel that the permanent solution lies in one of monetary policy alone.

Mr. H. E. BRUNELLE (Champlain): May I have a few minutes to speak to this motion and humbly make a suggestion to the Minister of Labour (Mr. Rogers)? I think we are all very anxious to settle the problem of unemployment, and I take the liberty of telling hon. members who sit at the other end of the chamber that our anxiety to solve the problem is limited only by financial incapacity. I have heard from persons who, I must say, are sincere, many queer expressions of opinion such as these: We must act at once; we must meet the needs of millions; we must get them off relief; we must diagnose the trouble; then we must find the remedy, and then we must apply it. We should have some practical suggestions to make if we are going to take up the time of the house, and if we have some practical suggestions we should make them to our Minister of Labour.

To solve the problem of unemployment the only remedy at the present time, in my opinion, is more taxes and more expenditures, and I repeat that our financial capacity is limited. I think the business of the government is or should be conducted like the private business of any person. When we want to buy a horse or a house or a farm, the first thing we do is to look in our pocket or find out at the bank if we have the money to buy that horse or that farm or that house. If we have not the money we do not buy it; that is all, and the question of unemployment is on about the same footing. There are certain things that the government can do and there are certain things that neither it nor the country can do. We ought to give the government time to make a survey and find out the difficulties and troubles in which we have been placed by the last administration in order that the government may bring forth the most practical remedy.

Allowing for an increase in our population, which fact accounts for an increase in the number of unemployed, I contend that the system which has been followed during the last five years has proved to be a failure. More people are working at the present time than were employed in the last few years, and yet there are more people on relief. Since 1930 we have spent, mostly on relief works, the enormous sum of approximately $238,000,000. Perhaps those works were useful, and for that reason I am not going to say anything about them. But since 1930 we have spent another enormous sum amounting to $296,000,000 for direct relief pure and simple. Our country is large and rich and our population is rather small. Now, sir, if we must continue to feed and clothe and shelter so many people, and at such expense, naturally we shall have also logically to admit that our country is not so rich; that it has not such large resources and that it does not provide so many opportunities to our young people. But I make haste to state that I believe our country is both large and rich.

Older countries may not have the possibilities we have of settling their unemployed on the land and they may have to solve their problem solely by giving charity. But that is not the case with Canada. We have plenty of land, agricultural land, and I think it provides the way to solve partly at least our problem of unemployment. I believe even in prosperous years it would be sound political economy for the government to facilitate the development of our natural resources first instead of doing so much for the advancement of industries, the development of which is sometimes premature. There are many people in the cities who are waiting in vain for work which they cannot find in industries.

I have a plan or an idea which I submit to the Minister of Labour. We should make a survey of all the agricultural districts of our country—perhaps it has been made—and then we should divide those districts into lots or homesteads. Possibly I should preface the outline of my plan with certain remarks concerning colonization. People from the cities will not stay on farms which are covered with timber or brush; they will lose heart at the end of the first year when they see how little they have accomplished. The plan which I wish to submit to the house consists particu-

larly of taking from the cities those people who have already had some experience on farms and putting them on the land. All the colonization plans that I have known of in the past were faulty because they gave the settler the impression that he could live for four or five years on that homestead or new land with subsidies or moneys that were to be given him by the government, instead of looking to the productivity of the land to supply him a living.

Having surveyed our agricultural districts and divided them into lots, we ought to take our unemployed or a portion of them from the cities and make them work to improve those lands, cut the brush or clear the land or possibly make some other improvements. I will not discuss the degree of improvement that should be made; if necessary we should conscript some unemployed for work on these farms and pay them decent wages. The settlers would then go on these farms which would almost the first year be productive. I can imagine the great development of our country we would have made in the last four or five years if only part of the money that has been spent for direct relief had been spent on the improvement of these raw lands. This would also have made it possible for people from the city, who have known better days, to go on those partly improved farms, come to like farm life and make their permanent residence there. I do not think I am mistaken when I say that Mussolini has opened up one or two provinces by following this system, and to-day those provinces are a source of wealth for Italy. We have given protection to industries ever since Sir John A. Macdonald inaugurated his national policy. Why not encourage a movement such as this? After all, farming is an industry. We have been protecting our industries because they were called infant industries. I believe some of them at the present time are elephants, and white elephants at that.

By following this suggestion I think three advantages would become evident. We would provide for some of our unemployed, for the time being, work for which they would be paid reasonable wages; we would promote the back-to-the-land movement and we would provide permanent places of abode for a great many people now unemployed. I believe more people on the farms would mean more taxes with which to pay our national debt. These people would buy a great variety of articles and in doing so would encourage our industries. These same people, if they stay in the cities, will only cause us to spend a great deal of money for relief; they will do nothing good for themselves, for their families or for their country.

In conclusion, Mr. Speaker, I submit that our national wealth, confidence, courage and cooperation are the four levers that will help most gradually to solve our problems of unemployment. Our natural wealth, consisting partly of agricultural land, will provide work for a while and later permanent homes for many of our unemployed. The people of Canada have clearly manifested their confidence in the present administration. Our people have inherited that virtue of courage which was displayed so nobly by our ancestors on many occasions; courage in the mass of the people will respond to courage on the part of our leaders, and that cooperation which, I believe, was mentioned in the speech from the throne, if put into practice by all concerned—our party leaders, the heads of our provincial governments, the heads of our industries and the workers themselves—will soon put this country on the path of progress and happiness.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, I feel like occupying a very brief space of time in which to express a few words of commendation for the subject matter of the resolution, with one or two minor exceptions, and particularly for the manner in which the mover presented his case. I have rarely heard in the house a more moderate, more carefully reasoned speech, so full of material appropriate to the subject, and whatever may be our individual opinions about various matters, nothing but good can come from a presentation of a subject in the manner in which the hon. member for Vancouver North (Mr. MacNeil) presented his case, from a discussion on such a high plane and from a similar degree of intelligent study and earnest consideration of the questions involved.

I should like to say to the hon. gentleman (Mr. Brunelle) who has just taken his seat that I think his observations might very well be added to the resolution as an additional suggestion for the solution of the problem. There was food for thought in his remarks. He did suggest, and quite properly, that we should consider the cost in this matter, and I gathered that his inference was that the mover of the resolution and others who might support it were a little reckless in their suggestions for expenditures without considering costs. I recall that a day or two ago another hon. gentleman made an excellent speech in which he directed particular attention to the fact that any expenditure that might be made in

a certain way, similar to this, would have to come out of the pockets of the taxpayers. In that he was quite correct, but I would invite those who stress the danger of incurring costs to consider this: In the first place, are we now spending wisely? In making that query I am not casting reflections on the activities of the government for the past five or six years; I am speaking rather to this country as a whole, to this parliament, to the provincial legislatures, to the municipalities and to all those who are responsible for dealing with these great questions of unemployment and relief. I think we might well pause and ask ourselves if we have been spending wisely.

It may be that it could be argued that the emergency seemed to call for certain measures of prompt relief, and so forth, but now or at some other time we must stop to take stock and see whether we have spent wisely. The hon. member for Champlain, who has just taken his seat, suggested that we had spent some $238,000,000 on relief works and some $296,000,000 for direct relief. I am quoting his figures, which I have not verified but which I accept as correct, so in round figures we have spent about $530,000,000 for relief. If we could turn back five years and start out with the object of spending $500,000,000, could we act more wisely? I think most of us would say that we could, and I think we can say that without casting reflections on anyone. So it is not out of place to pause and invite consideration of some other method of dealing with the problem. Indeed I think the government is to be commended for the excellent statement made yesterday by the Minister of Labour (Mr. Rogers), and I hasten to take this opportunity to compliment him upon it. That is a wise move, a very wise move; I invite the Minister of Labour to consider further the principle he has therein enunciated and the possibility of applying it to some other lines of activity. I commend him and I commend the government for their action; I think it is a sane and practical step. But that does not alter the fact that this resolution also offers some wise suggestions, and I wish to spend a few moments in a brief analysis of it.

May I preface my observations with an invitation to the government to give earnest consideration to this resolution. It is not necessary to accept it in toto, but it contains some good suggestions and I think it deserves favourable and thoughtful and sympathetic consideration. In the first place I would suggest that when we invite the government to take full responsibility, a suggestion with which I fully agree, we ought to make certain exceptions. I suggest, for instance, that we should leave with the municipalities and the provinces the responsibility for normal charitable work. I am not speaking of unemployment as we generally understand it, and I suggest that we must define that term more carefully; I am speaking of the normal needs of people in all our communities. I suggest that we take the average, say for the five-year period from 1926 to 1930 inclusive and use that as measuring the cost of caring for the aged and sick and indigent persons that unfortunately we have with us at all times.

The next suggestion that should be made is that if the federal government assume full responsibility, which by the way they are largely doing now, either by guaranteeing loans or actual participation, then there should be some prohibition of the provinces enlarging their expenditure to fill up the gap made by the dominion government taking over the whole cost of relief. In other words there should be an understanding with the provinces that they are not just going to make a Roman holiday with the contributions that may be entailed by that suggestion. With those two provisions I would favour the federal government taking over unemployment relief. By that I mean the relief arising out of modern industrial and economic conditions; a narrower and more precise definition could be found. But some protection of that kind must be provided before the principle suggested in the resolution is accepted.

Then I commend very earnestly the excellent presentation made by the mover of the resolution in relation to mechanization. Perhaps I may be pardoned a personal reference; in the election of 1930 when unemployment was just commencing—it had been under way some nine months—I was asked this question in a public meeting: Did I believe that the party I was then associated with could provide for employment of all the unemployed? And I answered: No, I did not think they could, for some time at least. And the reason I made that answer at that time was that we had as a country given no serious study to the problem of displacement of men by machines. There was sporadic study by individual economists; some interested sociologists were giving dissertations about the matter, but no authorities had fastened their teeth into the problem of how to take care of those displaced in industry by mechanization, and we have not yet started such a study; nor have they in the United States. I am not able to speak with the same assurance in regard to all the European

countries, but I doubt whether any country in the world has yet definitely fixed upon a solution of that problem. The hon. member who moved the resolution very properly called attention to that, and I think we certainly should give earnest consideration to it, because, as he pointed out, the curve of displacement by mechanization is rising at an annually increasing ratio. I do not know where we shall arrive if we continue to drift as we have been doing in this and other countries in regard to providing for those so displaced.

There are those among my friends of the Social Credit group who argue that the very essence of this vast problem is found in the credit structure and the financial and monetary system. There is a measure of truth in that. As I have intimated before, I am perhaps not prepared to go the full length with them, but do not let us brush these hon. members and their particular pet theories, if you like, aside in a sweeping manner as if there was nothing in them, as I have noticed a number of hon. members speaking in the house this session are rather inclined to do. I believe there is a germ of truth in what my hon. friends are bringing so forcibly to the attention of the country. I repeat, I do not go along with them fully in their theories and the mechanics of their system, but in the sphere of credit and monetary control is to be in part at least a solution of that phase of the question.

But in the resolution there are two very practical proposals which I desire to emphasize and support; that is in regard to housing and reforestation. It is twenty-two or twenty-three years ago that I first brought to the attention of the house the hopeless manner in which we are dealing with the great forest wealth of Canada. If time permitted I could tell hon. members how in British Columbia since I went there forty-two years ago I have watched the vast areas of primeval forest of the richest and most prolific kind being swept away and nothing but devastation and a wilderness left in its place. I have travelled across this continent some two or three hundred times,—I have lost track of the number—but coming from Fort William right to and beyond the city of Quebec one sees year after year these vast areas where the timber has been swept away, and what little soil there was is gradually being washed into the streams, and it will never be possible to reforest a great deal of that area. Again I would request hon. members to pause and ask themselves: What about fifty years from now in regard to the forest wealth of Canada?

[Mr. Stevens.]

Mr. MacIVOR: If I may ask the hon. gentleman a question, does he know that we have in Ontario vast areas where the timber is too old to make ties? When ties are cut from it they are condemned by the railways.

Mr. STEVENS: Yes, but that does not alter my point at all. There is in British Columbia, too, a great deal of timber that is what they call ripe and that should be harvested, but there is a vast difference between harvesting timber in a sane and scientific way and slaughtering the wealth of the forests as we have been doing during the last forty years. Despite what the interjection would imply, the fact remains that we are doing next to nothing in the way of reforestation. I am not going to enlarge upon that subject because it would take too long, but I want to say this, that there is a splendid opportunity for the investment—the investment, I repeat—of public moneys and the giving of work in a fine occupation which, as the mover of the resolution so aptly said, would be something that was self-liquidating, not next year or within five or ten years from now, but in thirty or forty or fifty years. There will be many a person in Canada in the years to come who will look back over this period of the last ten or fifteen or twenty years, and ask what on earth the people of this period were doing that they did not engage more earnestly in this great reforestation scheme. I invite the Minister of Labour and his colleagues earnestly to consider the suggestion of reforestation as one of the methods of solving this problem of unemployment intelligently.

The other matter to which I wish particularly to call attention is that of housing, and here again I shall be brief. If we launched now upon a national housing program, including slum clearance, the erection of workmen's houses, farm houses, and general housing such as already is involved in the act passed last session, I believe this would take us ten years and even then we would not have caught up with the normal decent requirements of the housing situation in Canada. I do not know why this is—I am not necessarily just referring to this house—but as Canadians we seem to fail to see the opportunity that rests in housing for providing a measure of relief in regard to this unemployment problem. Furthermore, there is no class of occupation in which money may be invested which results in more work for labour than building and housing; you can carry it right down to the production of the logs, cement, bricks and so forth. Everything you put into a building, everything you touch, every dollar that goes into it, ultimately will find its way to labour,

and so I say that there is a great possibility there, and I would strongly urge upon the government a real forward movement in housing. Let us not just play with the thing. The bill passed last session had its merits, but it does not touch the problem. We need a really earnest concentration of effort by parliament upon this problem of housing, which I believe, together with a few other activities such as the one mentioned by the minister yesterday, reforestation, the suggestion made in regard to settlement, and a few other movements of that kind, would rapidly absorb the unemployed of this country.

Would it be too trite a suggestion if I were to remind the house of this? There are only three major activities that underlie, shall I say, the interchange of human labour—the providing of food, the providing of clothing, and the providing of shelter. Anything beyond that is, if not a luxury, something more than an absolute necessity, but those three are absolutely necessary, and it is by an interchange of labour in providing those necessities that we lay the foundation of society. The business of parliament, of course, is to see that the balance is held fairly, and that is where the theories of the control of credit enter in and form such an important factor. Parliament must see that the balance is held fairly between those who control credit and wealth and those who need these things to which I have referred as absolute necessities, and I commend that phase of the question to my friends on the treasury benches.

The next suggestion in the resolution is for a living wage. No one will criticize that. I think we all realize that the providing of work at just enough for sustenance is not a solution of the problem because what is scarce to-day in this country is purchasing power. The agriculturist, through the low price he receives for his products, has not sufficient purchasing power to do more than barely keep body and soul together. He cannot purchase the implements, the clothing, the furniture that he would like to have and should have to-day. The very essence of democracy in my opinion is this, that the primary producer, particularly the farmer—and you can carry it on down to the fisherman, the lumberman and the miner—shall be paid for his effort sufficient for a decent livelihood. That I think is the very essence of democracy.

The second point is equally important, and that is that those workers who are engaged in the actual production or transportation or distribution of these things should be paid a wage which will enable them to live decently. Those two factors are essential if we are to have a healthy democracy. And, Mr. Speaker, this resolution suggests that these employees should receive a living wage.

I am not going to go further into the question at this time, but I believe that if these matters are given earnest attention, and if the will to do them, the will to accomplish, is behind them, much may be accomplished. May I say with all kindness and all humility that we should drop perhaps the habit over the years we have formed in the house of looking backwards and forwards across the floor, and because someone here or someone over there makes a suggestion, of someone over there or someone here sneering at what is proposed, for it does seem to me, that we as adult and supposedly sane individuals act very often like a bunch of children when we are dealing with the well-being and the welfare and the bodies and souls, as one hon. member has put it, of human beings. Too often we treat these problems as if they were legitimate subjects to be bandied backwards and forwards on a partisan basis. I am accusing nobody, but I do say out of a long experience that we—and I include myself—are too prone to view these matters from that angle.

I suggest that the resolution in its principle and in its spirit, not in all its details, might be approved by the house and might form, shall I say, the basis for a coordinated effort on the part of parliament to do something towards a solution of this terrible problem of unemployment.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, I am glad of this opportunity to speak to this motion. It is important because again we have an opportunity of discussing one of the scars on our present system, and we find the suggestion made to-night that we apply a little more ointment. I was surprised to hear the suggestion made in the house to-night that we conscript the youth of this country and place them on the farm, and further that we should encourage people to go back to the land. There has been developing in the west over a period of years a situation which has caused much concern to the provincial governments in their efforts to help stay on the land people who have been farming there for twenty and thirty years.

This resolution suggests that we have a problem of unemployment. Unemployment is the reflex from a certain economic condition; in itself it is the cause of nothing. We have been in the habit of saying that we cannot find employment for our people and we suggest or infer that there is some particular virtue in employment. What has happened during the past five years? The Dominion of Canada has spent approximately $592,000,000 in connection with unemployment

relief, and our problem is greater to-day than it ever was. Every time this question is raised in the house there comes up the predominant problem of money. Parliament is governed in its ability to do anything by its ability to extract taxation from the people. As time goes on this ability will become less; that is inevitable. We tried out a scheme of public works but found that it was costing too much for materials and was not meeting the requirements. Various suggestions have been made as to what can be done, but I say that this situation will continue while we continue to focus our attention upon unemployment as a problem. What is the economic system for? Is it to find employment? If it is, then this problem should have been solved long ago. An economic system should produce the maximum amount of goods and distribute them to all; its purpose should not be to find employment. Employment is incidental to production. The very fact that we have so much unemployment in this country and throughout the world proves that we are wealthy. We have accomplished that which man down through the ages has endeavoured to accomplish.

To anyone who dispassionately surveys the trend of events, it becomes more and more evident that government is nothing more than an administrative body to carry out the will of finance rather than the will of the people. We speak of democracy in one breath and then we speak of conscription in the next. What purpose is there in trying to keep afloat a ship that should have long since been sunk? Democracy is a splendid ideal for which Anglo-Saxons have fought down through the years, but I am convinced that more fighting must be done before we can enjoy a practical democracy which means, in its broadest terms, not just the freedom to vote, not just the right to walk the streets unmolested, not just the right to worship as we may or work as we will, but freedom from all restrictions that would otherwise impose the will of others upon us. Democracy is the freedom of the individual to pursue happiness and culture free from all influences detrimental to these objectives. To-day we are passing through a period strange to any age, strange because our environment is changing, not because people have desired these changes but because science has thrust them upon us.

Parliament is supposed to be composed of a body of men who have received instructions from the people of Canada to bring about certain results. The result demanded by the people at the last election was prosperity. It was not the business of the people to go into details as to how this prosperity should be brought about; it was the duty of the government to make use of those experts who know just what to do. It was the duty of the government to introduce legislation to bring about this end. The people demanded that the government bring down legislation or have laws enacted, which, when given effect to, would make available to the Canadian people the wealth of Canada, whether it be produced by hand, brain or solar energy. However, this is not being done, not because all the people who have been sent here are insincere but because the individuals who go to make up a government persist in moving along orthodox lines. Any hon. member who may be more enlightened than the rest, who may feel the responsibilities placed upon him by the people he represents and who dares to give expression to his views may soon be reminded that he belongs to a party and must act in the interests of the party. In so doing he elevates partyism and submerges the principles for which he was elected. The people of Canada asked the government, in language that was unmistakable, to bring about prosperity, to remove any or all of those barriers that stood in the way.

I recognize the difficulty that any government faces to-day. I realize the necessity for a transitional policy. I say "transitional" because I know we are having thrust upon us new conditions to which we must adapt ourselves, but in the meantime the greater portion of our citizens are suffering privation and want in the midst of plenty and potential plenty. Many schemes have been tried out and many volumes have been written suggesting to the various governing bodies just what they should do. We have built up in six years a system of camps as a means of looking after one portion of our problem. These camps were tolerated only because we felt they were of a temporary nature. However, they have now taken on the nature of a permanency. Their purpose in the first place was to provide a cheap means of feeding those who had been displaced by better industrial processes, coupled with a declining market for export goods and the ever diminishing demand for labour. There are those who believe sincerely that our only hope lies in a greater export market. No doubt it would help for a time if those markets were obtainable, but I do not believe they are. I look at the world to-day and I see its tremendous ability to produce an abundance plus the policy of every nation of self sufficiency. Surely our experience has taught us that the methods by which we obtained markets in the days that are gone are no longer available. We must realize that our problem is internal; that the only value of an export market is the means

of exchanging our surpluses for the goods which are not common to the production of Canada. But this connot be done until we have monetary reform. Until we recognize that money in the final analysis is nothing but a ticket; until such time as we place in the hands of the people the tickets or tokens equal to our total price values, the complexities of this administration will be increased and the poverty of the Canadian people will become deeper and more widespread.

We have expressed so much concern for the economic rash. We are endeavouring to suppress it but we must know that there is no cure that way. You cannot feed your people when you must borrow to do so. By borrowing, you force the people of the future to carry a heavier load and mortgage the future. There is no cure that way. The disease goes much deeper than the skin; it is concerned with the vital processes of the body politic and to avoid substituting a more lingering horror it is necessary to restore these vital processes to health and balance functioning. The first act of the government should be to recognize the needs of the people and accede to their demands. First, they should find out what can be done, and then proceed to do it. Before this can be done we shall have to eliminate many traditional dogmas. I might add that the dogmas to which I refer do not belong particularly to the government benches.

Probably one of the greatest fallacies of the present generation is one most commonly expressed: I want work! This is repeated by governments when they say: We have an unemployment problem; we must put our people to work, the usual excuse being: We must give the taxpayers some return for the money they are spending. The people are thus led to believe that work has a particular virtue and that it will cure everything if we will just accept enough of it. The implication is that the sole purpose of an economic system is to find employment, while money is spoken of with reverence as though it had a quality superior to all things mortal or immortal. This is further emphasized as we review the attempts of governments to do something when the very thing without which we can do nothing is locked up in the tabernacle and the high priest demands that all who would use must first of all genuflect, and all must agree to be enslaved for all time. And if you protest you lose your respectability and are termed a radical, and you are referred to in a tone that suggests dishonour.

Is it the purpose of the government to find employment? And having created it, do they believe that all will be well with the people? If this be true then it is high time we scrapped the machine and hanged on the highest tree every scientist living to-day, because he is detrimental; he is unemploying men at a rapid rate. He is responsible for this national or international calamity; he is responsible for all the misery and poverty in the land, because government policy is one which dovetails into that philosophy that belongs to the dark ages—Men must work to live. The golden age of the world was before the advent of the machine, those glorious days when men worked from the cradle to the grave and when dying gasped out, "Thank God I avoided starvation."

After all, it is not long since the ignorant of the jungle and of the plain burned and slew men who practised white magic; it is not long since we burned Joan of Arc at the stake as a witch because she showed a courage that was unusual; it is not long since the people thought the world was flat, and just a few short years ago a large group were insisting that those crazy Wright brothers be placed in some mental institution because they were trying to build some infernal contraption to fly. But did you ever hear of a people, or I should say a government, who told men that they could not eat their fill because there was too much? This sounds very much like that Irishman who said, "Don't come down that ladder because I have taken it away."

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

Monday, March 2, 1936

The house met at three o'clock.

PARLIAMENTARY RESTAURANT

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

That a message be sent to the Senate to acquaint their honours that this house has substituted the name of Mr. Barber for that of Mr. Baker to act on the part of the House of Commons as a member of the joint committee of both houses on the restaurant.

And that the clerk of the house do carry the said message to the Senate.

Motion agreed to.

PENITENTIARIES COMMISSION

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I beg to lay on the table a copy of the order in council appointing a royal commission to inquire into and report on the penal system of Canada.

POST OFFICE ACT

Mr. OSCAR L. BOULANGER (Bellechasse) moved for leave to introduce Bill No. 8, to amend the Post Office Act.

Some hon. MEMBERS: Explain.

Mr. BOULANGER: Mr. Speaker, I think the best way to explain the object of the bill will be for me to read the explanatory note. It is as follows:

The object of this bill is to abolish the obsolete and unsatisfactory system of awarding by tender contracts for the transportation of mail. Moreover, everyone knows that the principle of awarding mail contracts by tender and to the lowest tenderer has been more often disregarded than observed. It is sought by this bill to establish a more open and honest practice and at the same time allow the Postmaster General properly to remunerate the mail carriers who perform the important function of transporting the mail of Canada.

As the house will have observed, the object of the bill is to do away with the present system of awarding mail contracts by tender. The bill proposes, instead of the old system, to establish a system of awarding contracts at the discretion of the Postmaster General when the contract does not exceed $1,000, and at the discretion of the governor general in council when the contract is over $1,000, without tender and at a flat rate.

Motion agreed to and bill read the first time.

CIVIL SERVICE ACT

Mr. OSCAR L. BOULANGER (Bellechasse) moved for leave to introduce Bill No. 9, to amend the Civil Service Act (vacancies, outside service, priority to returned soldiers).

Some hon. MEMBERS: Explain.

Mr. BOULANGER: Mr. Speaker, this bill has four objects in view. The first is to place the outside civil service outside the control of the civil service commission. Secondly, the bill proposes that it shall be obligatory for the civil service commission to consult the heads of departments before making appointments or promotions in order that the last word in making appointments and promotions may be with heads of departments, and not with the commission. Thirdly, the bill proposes to restrict to Canadian veterans the preference granted to veterans by the Civil Service Act. Lastly, the bill proposes that it shall be obligatory for the civil service commission, whenever they desire to appoint to a position in the civil service a candidate who has not resided five years in Canada, to bring the appointment before the cabinet. At the present time there is a blanket order in council and a regulation of the civil service commission which authorize the commission in certain cases to appoint to the civil service a person who has not had the necessary five years' residence in Canada. The bill proposes that in future it will be necessary for the civil service commission, whenever they feel the necessity of overriding the Civil Service Act in that respect, to come before the government and state the special reasons which necessitate such an appointment.

Motion agreed to and bill read the first time.

PERFORMING RIGHT SOCIETY

Mr. E. R. E. CHEVRIER (Ottawa East): Mr. Speaker, I desire to ask the Secretary of State (Mr. Rinfret) a question, and while I am on my feet I desire to extend to him our heartiest congratulations upon the occasion of his birthday and to wish him many happy returns of the day. The question I wanted to ask was whether the government intends during the present session to take any action on the report of Mr. Justice Parker with respect of the Canadian Performing Right Society.

Hon. FERNAND RINFRET (Secretary of State): I wish to thank my hon. friends for the very kind tribute they are paying me to-day; it will make it less difficult for me to bear the burdens of the coming years.

I am also pleased to be able to gratify the hon. member for Ottawa East (Mr. Chevrier) with a favourable reply to his question. It is the intention of the government, through the Secretary of State, to introduce a bill based upon the report of His Honour Judge Parker, and I may have more to say in that regard when we reach the bill which has been proposed by the hon. member for Kootenay West (Mr. Esling), and which is already on the order paper. In reply to another hon. gentleman who has made a private request, I may say that I have extended the order prolonging the period during which no litigation shall take place in recovering performing rights. I refer to the order passed in connection with the inquiry made by His Honour Judge Parker. That order has been extended until April 30 of this year, and notice will be duly published in the Canada Gazette.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed, from Tuesday, February 25, consideration of the motion of Mr. Mackenzie King:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty's government in the Dominion of Canada and the government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think it perhaps desirable to correct some misapprehensions of the right hon. Prime Minister (Mr. Mackenzie King) as indicated in his address the other day, before I deal more specifically with the provisions of the agreement which is now before the house for consideration. I do not desire to do this at any great length, nor would I bother the house were it not for the fact that, by not dealing with them, it might seem that I had accepted them as being a correct statement of the situation.

It is not correct to say that the Liberal party during all its existence has supported reciprocity, nor is it correct to say that the Conservative party has in any sense opposed it. I find, by reference to the statutes of 1868, that in the first statute dealing with such matters and enacted by this parliament provision was made whereby a standing offer to the United States was embodied in the statute, dealing with natural products; and later on, in 1879, when the national policy was introduced, provision was definitely made by which a statutory offer was extended to the United States. In order that there may be no misunderstanding with respect to that, it might perhaps be desirable to read the resolution upon which the statute was founded. It was resolution No. 5 and was submitted to the house by Sir Leonard Tilley on March 14, 1879:

That it is expedient to provide that any or all of the following articles, that is to say:—Animals of all kinds, green fruit, hay, straw, bran, seeds of all kinds, vegetables (including potatoes and other roots), plants, trees and shrubs, coal and coke, salt, hops, wheat, peas and beans, barley, rye, oats, Indian corn, buckwheat, and all other grain, flour of wheat and flour of rye, Indian meal and oatmeal and flour or meal of any other grain, butter, cheese, fish (salted or smoked), lard, tallow, meat (fresh, salted or smoked), may be imported into Canada free of duty, or at a less rate of duty than is provided by this act, upon proclamation of the governor in council, which may be issued whenever it appears to his satisfaction that similar articles from Canada may be imported into the United States free of duty, or at a rate of duty not exceeding that payable on the same under such proclamation, when imported into Canada.

Upon that resolution a statute was founded, and in 1911, when the late Right Hon. W. S. Fielding was introducing his reciprocity resolutions and moving the house into committee of ways and means, he quoted that resolution as indicating the attitude of the Conservative party with respect to the matter of reciprocity.

I also take sharp issue with the Prime Minister when he contends that the so-called national policy was introduced as a retaliatory measure against the United States. I have only to refer to what was said by the Minister of Finance in introducing the budget on March 14, 1879, at pages 411 and 415 of Hansard of that day, to correct any possible misunderstanding. Discussing the question of giving more favourable treatment to goods from Great Britain than to goods from foreign countries, he said:

I think this house will not object if, in the propositions before me, they touch more heavily the imports from foreign countries than from our fatherland.... But the government couple with the proposal, in order to show that we approach this question with no unfriendly spirit, a resolution that will be laid on the table containing a proposition to this effect: That, as to articles named, which are the natural products of the country, including lumber, if the United States take off the duties in part or in whole, we are prepared to meet them with equal concessions. The government believe in a reciprocity tariff, yet may discuss free trade or protection, but the question of to-day is—Shall we have a reciprocity tariff, or a one-sided tariff? The government propose to do more.

And then Sir Charles Tupper said:

I believe within two years from the adoption of the national policy—not a policy of hostility to the United States, but one of following the system they had adopted to foster their industries—they will give us a free market for coal in the United States.

Further, Sir Leonard Tilley made clear the object to be attained by the tariff then introduced:

But if we undertake, as the present government have undertaken, to readjust and reorganize, and I may say, make an entirely new tariff, having for its object not only the realization of $2,000,000 more revenue than will he collected this year, but, in addition to providing for that deficiency, to adjust that policy, or that tariff with a view of making what has been, and is to-day, declared the policy of the majority of this house—I mean the protection of the industries of the country—the magnitude of the undertaking will be the better appreciated.

These were the declarations made by the Minister of Finance and the Minister of Railways of that day, Sir Leonard Tilley and Sir Charles Tupper, at the time the national policy became a part of the policy of this country, or at least the policy of the Conservative party, as it has been ever since.

I need hardly go further than to point out that every proposed reciprocity agreement that reached the point, shall I say, not

of being signed but of a consensus between the parties was brought forward while the Republican party was in office in the United States. In 1874, when George Brown negotiated with the United States, the Republican party was in office; in 1911 when the agreement was negotiated Mr. Taft was president —a Republican president. The recent agreement was of course negotiated with a Democratic president. I mention this because it is desirable that there should be no misunderstanding with respect to the matter; for in the following years the United States expressed unwillingness to enter into agreements, as indicated a day or two ago; for in 1892 they declined to grant the concessions asked for by the government of that day, and in 1898, when Sir Wilfrid Laurier set up his joint high commission under the presidency of Lord Herschell, they sat for nearly a solid year without results, and it was at that time that Sir Wilfrid Laurier made it perfectly clear that he did not propose longer to concern himself with an effort to negotiate a treaty with the United States. He said:

There will be no more pilgrimages to Washington. We are turning our hopes to the old motherland.

And what is more, not only did Sir Wilfrid say that but that is what he practised, and though in 1887 and 1891 the elections were contested on commercial union and unrestricted reciprocity, that was subsequently abandoned by the Liberal party. In consequence of the attitude taken by Mr. Blake and many others at that time, not only did he not go to the United States asking for further concessions after the joint high commission's failure, but he said he would not do it; and in 1911 it was not the action of Sir Wilfrid Laurier and his government that brought about the negotiations terminating in the proposals of 1911. I think it might be well to clear that up, because Mr. Fielding, in his letter to Mr. Knox, dwelt upon that point as one of some importance. He made it perfectly clear at that time that the initiative had come from the president of the day and not from himself or his government. The letter addressed to Mr. Knox—I will not read the whole of it, but it is important to keep it in mind—was dated at Washington on January 21, 1911:

Dear Mr. Secretary,—

The negotiations initiated by the president several months ago through your communication to his excellency the British ambassador respecting a reciprocal tariff arrangement between the United States and Canada, and since carried on directly between representatives of these two countries have now, we are happy to say, reached a stage which gives reasonable assurance of a conclusion satisfactory to both countries.

Then follows this, after two intervening paragraphs:

The governments of the two countries having made this agreement from the conviction that, if confirmed by the necessary legislative authorities, it will benefit the people on both sides of the border line, we may reasonably hope and expect that the arrangement, if so confirmed, will remain in operation for a considerable period. Only this expectation on the part of both governments would justify the time and labour that have been employed in the maturing of the proposed measures. Nevertheless, it is distinctly understood that we do not attempt to bind for the future the action of the United States Congress, or the Parliament of Canada, but that each of these authorities shall be absolutely free to make any change of tariff policy or of any other matter covered by the present arrangement that may be deemed expedient. We look for the continuance of the arrangement, not because either party is bound to it, but because of our conviction that the more liberal trade policy thus to be established will be viewed by the people of the United States and Canada as one which will strengthen the friendly relations now happily prevailing and promote the commercial interests of both countries.

That was a declaration by Mr. Fielding of the circumstances under which these negotiations were carried on. They failed because the Canadian people were not prepared to adopt them. The United States congress did approve them; but it must be within the memory of every member of this house that upon the very first opportunity afforded to the people of the United States to pass upon them they defeated them; the Republican administration was defeated at the polls and succeeded by the administration of Mr. Wilson. So that on the one hand you have the Canadian people rejecting the proposals, and on the other hand you have the United States people rejecting them at the first opportunity that was offered them so to do. That, I think, makes the record clear so far as that point is concerned, and there can be no misunderstanding, it seems to me, with respect to that part of the matter.

Let us now correct another misapprehension on the part of the right hon. gentleman, that is with respect to what took place after this government came into office. I wonder if for the moment the right hon. gentleman forgot that in June of 1930 the Hawley-Smoot tariff was enacted,—enacted despite the fact that in his place as prime minister he had asked this house and the country not to provoke them lest they do something more severe than that which they had done.

Mr. MACKENZIE KING: I never did anything of the kind.

Mr. BENNETT: Well, it is in Hansard. I can read it. Will somebody get me Hansard?

Mr. MACKENZIE KING: Read the whole of it. You misread it last time.

Mr. BENNETT: And that the British preference should not be increased lest peradventure that might provoke the United States to further action. Those were the statements made by the right hon. gentleman in this house in 1930, about which there can be no possible doubt.

Mr. MACKENZIE KING: They are not.

Mr. BENNETT: They have been read too often for there to be any misunderstanding as to what they are.

That being so, let us analyze the next step with reference to it. There was in power in Washington in 1930 a Republican administration, and when the late government came into office it found Mr. Hoover the president of the United States, whose congress had just enacted the Hawley-Smoot tariff. But at the same time provision had been made whereby, in the event of its being concluded that an unfair tariff advantage was being given to the United States, application might be made to the tariff board for the purpose of securing if possible a report that the tariff was excessive, in which event the president was authorized to make a proclamation to reduce the tariff not beyond fifty per cent of what the existing tariff was. Many cases were heard by the tariff commission; amongst others, the tariff item with respect to maple sugar. When our minister went to the United States in 1931 he found, as I have said, a Republican administration in office, and his first effort, as the records of the department will show, was to bring to the attention of the American government the anomalies of their tariff as they affected cattle, hoping that an opportunity might be afforded before the tariff commission to deal with this matter in accordance with the provisions of the law to which I have referred. I personally know, as every member of this house probably knows from reading, that the president of the United States was not in accord with some of the provisions of the Hawley-Smoot tariff. He made it perfectly clear in public statements that he did not agree with them and that he was not unsympathetic to the suggestions made that we should endeavour to bring the matter before the tariff board. In fact an application was filed, but no action followed. During the whole of the period of office of President Hoover, namely during the year 1930, the remainder of the year after the late government came into office, the whole of the year 1931, the whole of the year 1932, and until March, 1933, the Hawley-Smoot tariff stood in its entirety and Mr. Hoover remained the president of the United States. And yet the right hon. gentleman asked the other day what the government was doing in 1931 and 1932 and 1933. Now I would ask him what he was doing from 1921 until 1930, dealing with Republican administrations under the same conditions. There need be no misapprehension, therefore, as to what the facts were, when the high tariffs of the Hawley-Smoot schedule still prevailed until 1933. But bear in mind, sir, they still continue; for there has been no legislation in the United States since 1933 dealing with the position of tariffs except through treaties or agreements made with various countries to which I shall presently refer.

Now that is important. There was not a change of government in the United States until March, 1933, and just as soon as that government came into office, as the records of the department of the Secretary of State will show, we pressed that there should be an adjustment of the tariff relations between the two countries. But the president, unwilling to open up the tariff schedules in congress, and unwilling as he was under the conditions that then prevailed to risk the possibility, nay the certainty of the United States senate rejecting any tariff treaty that might be made, did what? He proposed legislation dealing with monetary problems, dealing with many other problems, with agriculture, many matters of the kind, and he then intimated that he proposed to have introduced into congress a measure affecting tariff questions, giving him executive authority to deal with those matters as he thought best, with such limitations as might be imposed upon his powers. In 1933 the measure was withdrawn; it was fiercely resisted, and it did not come into effect. Therefore the year 1933 went by with no legislation, but on June 12, 1934, the president signed the bill, which then became a statute, whereby executive power was conferred upon him by congress to make trade agreements with countries, subject first to there not being a greater reduction than fifty per cent, second that the period should be fixed at three years, and third that there should be no change from dutiable to free goods and, e converso, from free to dutiable; he had no such power. The last condition was that before he took this executive action he had to issue a proclamation indicating that he proposed to deal with whatever country was being dealt with, in order that those who might be

interested should have an opportunity to present their objections, if they had any, to such an arrangement being made.

That was in June, 1934, and the records of the department will show that from the date that the act came into force, continuously until action was taken, there was constant communication between the department of state and the Canadian legation at Washington in an effort to have action taken in accordance with the provisions of the statute to which I have referred. It was ascertained very early, in fact it was known before, that it was a cardinal principle of any negotiations being entered into at all that the United States should receive from Canada or from any other country with which an agreement was made, an undertaking that the tariff concessions granted to the United States would be as great as those granted to any other country in the world, except in their own case with respect to their peninsular possessions and Cuba, with which country they had a special treaty arrangement. On our part we made it clear as a government that it was absolutely a sine qua non to the carrying on of negotiations at all that the entire British preferences were to be untouched and that any negotiations carried on should be carried on not only subject to the provisions of those agreements but subject also to their future modification or extension.

That being so we embodied in a document our proposals for negotiation. At first the right hon. gentleman read the words as though he thought those were proposals, though I am frank to say that when attention was directed to it he modified his statement and said those were proposals for negotiation. So the proposals for negotiation were embodied in a note dated November, 1934, to which a reply was received in December and again the records of the department will show that efforts were being made constantly to induce action to be taken. But there was a reason why the president found it difficult to deal with some of these matters, a reason, I doubt not, that is in the minds of many members of the house at this moment. It was the fact that during the election campaign the president had made certain statements at Baltimore with respect to what he proposed to do in connection with agricultural commodities, and this was being constantly thrust upon his attention by those who were deeply interested in the maintenance of existing tariff legislation in connection with agricultural products. What were those words? On October 26, 1933, speaking during the election campaign at Baltimore, the president said:

[Mr. Bennett.]

My distinguished opponent is declaring in his speeches that I have proposed to injure or destroy the farmers' markets by reducing the tariff on products of the farm. That is silly. Of course I have made no such proposal, nor can any speech or statement I have made be so construed. I said in my Sioux City speech, in discussing the Hawley-Smoot tariff act of 1930:

"Of course, the excessive, outrageously excessive rates in that bill must come down, but we should not lower them beyond the point indicated."

The point indicated was that no tariff duty should be lowered to a point where our natural industries would be injured....

Of course, it is absurd to talk of lowering tariff duties on farm products.... I know of no effective excessively high tariff duties on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived.

That statement was being constantly presented to the attention of the president, and it made it increasingly difficult for the government of Canada, dealing with the question of negotiations on farm products, to make progress. Finally, however, in January, 1935, a proclamation was issued; interested parties were heard and the negotiations continued. Those negotiations were difficult by reason of the statement made by the president in connection with agricultural products; they were difficult because the very moment it was suggested that it was proposed to negotiate, a great body of public opinion crystallized against any such action being taken. Finally we did get certain preliminary discussions concluded. The matter of cattle, which was dealt with in a slightly different way than it is in the agreement now before us, lumber, whiskey and so on—all these matters were early determined without difficulty, but when it came down to the question of what concessions the Dominion of Canada was to receive for the concessions that were sought the difficulty began. When I say to this house, as I presently shall, that we could not possibly agree to give the concessions that are given by this agreement for the slight concessions we were offered, I but state the simple truth, and I shall give the reasons why. In order that there may be no difficulty as to what was said by my right hon. friend in his speech in this house on April 9, 1929—speaking from memory I said 1930, but it was 1929—I quote from Hansard for that year:

Having that knowledge before us—

The right hon. gentleman was speaking of the knowledge they had of the situation.

—I ask hon. gentlemen irrespective of party: In the condition of prosperity which Canada is to-day enjoying would it be desirable on the part of the administration to take any action

with respect to the tariff in Canada at the present time which by those across the line who may be interested in seeking to raise the tariff in that country could be regarded as provocative? I say that with the knowledge which we have before us at the present time, were we to do what hon. gentlemen opposite by their amendment apparently wish us to do, namely raise the tariff, we would be creating in the minds of the American people the very sentiment which would cause them to raise their tariff higher perhaps than it was ever their intention to raise it. We do not intend to take any action of that provocative character....

Well, they have an explanation now, which perhaps will help to correct it.

I wish to repeat—and I do not think this can be made too clear—that so far as the United States tariff is concerned that is a matter which the government of that country must settle for itself in accordance with its own interest. And the United States will be the first to recognize, if in any action they take our trade with them is adversely affected, that it is our right and our duty, and should be and will be our policy to see to it that we make such arrangements with respect to our tariff as will further our interests in our own way.

Having said this much may I again make clear, what I wish above all else to make clear, not only in this connection but in all others, living as we do beside the United States as near neighbours, it is in the interests alike of the United States and of this country, and in the larger interests of the British Empire, that so far as we can, with respect to all our relations, we each conduct our affairs in a spirit which will help to advance mutual interest, and which will help to avoid steps that may lead in the opposite direction.

I read the whole of that passage in order that it may not be said that I left out any part of it. Then there was a further question with respect to the matter of the British preference, which need not be mentioned now. I want to go a step further, however, because this affords me an opportunity of making this statement. We have to thank the action taken by this parliament in 1930 and the empire agreements for being able to make any contract at all with the United States. I say that, Mr. Speaker, not from hearsay; I have it direct from the government of the United States, that it was because we enacted the tariffs of 1930 and the agreements of 1932 that they were willing or desirous to negotiate with us at all, and that looks reasonable.

Mr. MACKENZIE KING: Would my right hon. friend produce the documents?

Mr. BENNETT: I said I had it from a member of the government. Obviously I cannot mention names, for the reason the right hon. gentleman mentioned the other day, but he can verify that if he will make the necessary application, and I will give him the name privately if he so desires.

Mr. MACKENZIE KING: I do not think my right hon. friend should make mention of any statement unless he is able to give names.

Mr. BENNETT: What nonsense! I think the right hon. gentleman will agree that one may often have to make reference to what governments have said without referring to the person who made the statement. The government said it. And it is perfectly clear that but for the fact that Canada through this parliament in 1930 responded to the action of the United States by enacting the tariffs they did to protect this country fittingly against the adverse barriers that were raised against us, and enacted the British trade agreements, we should have had no proposals for any kind of reciprocity agreement at all. That I think is beyond question.

Let us go a step further. There continued until the end during the period of time that we were in office a constant endeavour to negotiate an agreement—I say, a constant endeavour. But during the election campaign I said on every platform what I repeat here, that I would not become a party to making any agreement with any country, not even the motherland, that gave anyone a preference over Canadians in the Canadian market. That is the position I took and always will take with respect to this country; and when I point out what the effect of this agreement is upon Canada and Canadian trade the house will understand why the government of that day was not prepared to enter into the agreement that has been entered into by hon. gentlemen opposite. We could have made an agreement such as is now before the house—

Mr. MACKENZIE KING: Why didn't you?

Mr. BENNETT: The right hon. gentleman says, "Why didn't you?" Because I prefer my country to office and power. I can understand, sir, the smiles of some, the laughs and jeers of others, because before I conclude this statement I shall show that it is upon the very principles I enunciated that we oppose this agreement. We oppose it because it sacrifices Canada, because it is detrimental to the interests of this dominion, because it gives everything we have to give and gets little in return. That is why we object to it. That is why in 1899 Sir Wilfrid Laurier made the statement he did.

I said the other day that I would, and I am sorry I hurried on without doing it, give the American record of these proceedings. I now quote from what Mr. Foster said as to the attitude, not of this government but of the government led by Sir Wilfrid Laurier in days past with respect to these matters. He

realized how difficult it was to make a bargain; he realized what the effect of it would be, and he declined in 1898 to enter into an agreement. I shall read from what Mr. Foster said as to the circumstances under which he took that action. In his Diplomatic Memoirs, at the beginning of volume II, General Foster, who became Secretary of State of the United States, said:

> I have referred in previous chapters to the interest manifested by President Arthur in the development of commercial reciprocity, and to the steps taken by his administration to inaugurate and carry forward such a system of exchange with foreign countries. His defeat in the national convention of his party in 1884, followed by the election of President Cleveland, who was opposed to the system, resulted in the failure of the three treaties which had been negotiated with Mexico, with Spain for Cuba and Porto Rico, and with San Domingo.
>
> But the return of the Republicans to power in the election of President Harrison in 1888 revived the reciprocity projects. Special arrangements or treaties for the favoured exchange of products with other nations were not an entirely new measure. During the presidency of Jackson a treaty made with France (1831) contained commercial reciprocity provisions. In 1843 President Tyler instructed our minister to Prussia, Mr. Wheaton, to negotiate with the Germanic Customs Union, or Zollverin, "a commercial treaty, which, while it will open new advantages to the agricultural interests of the United States and a more free and expanded field for commercial operations, will affect injuriously no existing interest in the union."

Then follows a statement of other measures, until he arrives at the time when in 1892 there was passed a tariff act containing provisions for reciprocity only one of which could in any circumstances have reference to Canada. He points out the difficulty of negotiating that, how in fact he did negotiate with the West Indies; Jamaica was the last to come in, and finally representatives of the Leeward Islands and others arrived in Washington to make treaties. There was difficulty with Jamaica until the very end. He proceeds to point out the difficulty they had with Germany, and then comes this significant statement, that the Liberal party had come into office in Canada and desired to negotiate an agreement. The Conservatives had sent down delegates three in number in 1892, and letters were received from various men in Canada who were friends of General Foster, pointing out that this was being used for political reasons, and that he should not negotiate with those Conservatives, although he must do his duty. Then Goldwin Smith went to Washington, and his letter is set out in this volume. Then this follows:

> Since the reciprocity conference at Washington in 1892, the Liberal party had been quite active in Canadian politics, and had finally succeeded in driving the Conservatives from power. The Liberals have encouraged expectations that, once in control of the government, they would pursue a more enlightened and neighbourly policy towards the United States, but these expectations were doomed to disappointment. Sir Wilfrid Laurier, now Prime Minister, and Sir Louis Davies, another member of the new Liberal cabinet, accompanied the Canadian experts to Washington, and they and I attended the meeting of the experts.
>
> After the labours of the latter had been concluded, I held several unofficial conferences with Messrs. Laurier and Davies, and sought to bring them to some agreement for the better protection of the seals; but they were unwilling to take up this subject alone, and insisted that we should enter upon a consideration of various other matters, prominent among which was the old question of commercial reciprocity.

Then he refers to the appointment of the joint high commission. The members on the part of the United States were Senators Fairbanks and Gray, Congressmen Dingley, John W. Foster, John A. Kasson, and T. J. Coolidge; and on the part of Great Britain Lord Herschell, Sir Wilfrid Laurier, Sir Richard Cartwright, Sir Louis H. Davies, and Hon. John Charlton, M.P., and on the part of Newfoundland, Sir James Winter.

After referring to the various meetings, and the failure of the commission, and having already placed on record the statement of Sir Wilfrid Laurier in 1899 as to what he felt about the failure, I quote these words from page 188:

> It would be tedious if I should attempt to give even a brief résumé of the weeks and months of laborious examination and discussion of the various subjects submitted to the commission. On several of them a practical agreement was reached. On the sealing question the general principle of settlement was agreed to, and doubtless the details could have been arranged. On reciprocity little progress was made. Notwithstanding the professions of the Liberals when out of power and in the heat of a political campaign, in the commission they assumed much the same position as the Conservative delegates who came to Washington in 1892.

Then he went on:

> .... The commission adjourned at Washington February 20, 1899, never again to be reassembled.

What was the reason Sir Wilfrid Laurier and his associates in 1898 took the view they did? It is a matter of record; it was because they were asked to give too much for what they could secure in return. And when we come to this bargain that has been made by the right hon. gentleman I shall point out that had the principles which governed Sir

Wilfrid Laurier in 1898 prevailed, it would have been impossible to make any such agreement as that now before the house.

Having placed this upon Hansard, as I should have done a few minutes before, I desire to continue with respect to the negotiations. The right hon. gentleman has stated the conditions under which he entered into the negotiations; the limited powers of the president, the power to grant not more than fifty per cent reduction in the tariffs of the United States; the limitation as to time. And by the way, in that particular the right hon. gentleman did me an injustice. My objection in 1911 was to the fact that there was no time specified, but that it could be, as Mr. Fielding points out in his letter, terminated at the sweet will of either party without notice. But this agreement is for three years certain, a fixed period. It may be continued, and can be terminated only on six months' notice. I omitted to read one item from General Foster with respect to that; Germany raised the same question in dealing with her problems. She entered into an agreement with the United States and found it so unsatisfactory that she complained bitterly because when a new government came into office the agreement that had been made under a previous administration was no longer in force. And he says:

> The most pronounced of these protests came from Germany while the bill was pending, in which the minister in Washington stated that the German agricultural and manufacturing circles entertained the belief above mentioned.

That is, that this was an unfair thing to do, to terminate the agreement they made. General Foster adds this very pregnant observation:

> One of the inconveniences of our Republican form of government, with its recurring elections, is that it brings about sudden and radical changes of administration, so that it is difficult to maintain a uniform or permanent foreign commercial policy.

And then he refers to difficulties in connection with the senate approving any act of that kind. Hence it was that we asked that at least some period of time should be specified, because, by reason of circumstances to which I have referred, I have seen many men in western Canada engaged in the cattle business who have been ruined, as I said the other day, because they had no time to change their arrangements with respect to their herds before the provisions of the Underwood bill were ended.

One step further. Not only did Germany apply, but other countries did as well. This is one of the reasons why at one time we considered ten years when negotiating the British-Canadian agreement. It was thought three years would be a fairer time, and three years was the term provided by the act of congress, commonly known as the trade agreements act. But congress was not prepared to grant to the president power by executive action beyond the period of three years, and then subject to the conditions I have mentioned. Further, they were insistent that the agreements should not last longer than three years, and if they did they should be subject to termination upon six months' notice.

I mention this because it becomes important to remember, in the light of what later transpired. And may I here point out this: It was said the other day by the right hon. gentleman opposite that until his death Sir Wilfrid Laurier kept on urging that there should be an acceptance of what might be called the standing offer by the government of the United States. Surely my right hon. friend has not forgotten that the Underwood tariff was passed in 1913, and that under that tariff we enjoyed free entry to the United States on practically all items that we were receiving free entry on under the reciprocity agreement, and we got this without giving anything, except one thing. We passed an order in council saying that wheat, wheat flour and semolina should have free entry into Canada because the United States had said that those three articles should freely enter their country to enable similar articles from their country to enter Canadian markets. Does anyone suggest—and I am sure my right hon. friend is not fair to his great leader—that the late Sir Wilfrid Laurier was advocating that we should accept an agreement that was not as favourable to Canada as was the Underwood tariff? Does anyone suggest that? And Sir Wilfrid Laurier died in 1919, the Underwood tariff continuing until 1921, when the emergency tariff was passed in the United States. So that from 1913 to 1921 we had the Underwood tariff, with free access to the United States market for our cattle, for our fish, for our lumber, but with certain limitations with respect to certain kinds of lumber. The fact is, however, that we had access to the United States market on terms and conditions much more favourable than under the Taft-Fielding agreement, with respect to lumber, one of the great items of trade. The same may be said with respect to other items.

I do not desire to do more than direct the attention of the members of the house to the provisions of the Underwood tariff, because

it is one of the most important of the many tariffs which have been passed in the United States. It represented in action the views of President Wilson, when he was a candidate. The Underwood tariff gave our cattle, our meat, our lumber and our fish, about which the hon. member for Antigonish-Guysborough (Mr. Duff) used to speak, access to the markets of the United States.

But in 1921, when the new Republican party returned to office they enacted an emergency tariff which at once placed duties against many of these articles. As I said the other day, the cattle industry, for instance, is one which can flourish only if preparations are made for a term of years. You cannot market cattle with any degree of success under a short agreement; it takes one, two, three or perhaps four years to secure the best results. Out in western Canada when the emergency tariff was passed by the Republican congress of the United States, nullifying and destroying the Underwood tariff, it brought disaster and ruin to the larger cattle dealers of this country, a disaster from which they never recovered.

I think if hon. members will pause for a moment and consider they will realize that without paying anything in exchange, in 1913 President Wilson gave to Canada largely all, and in some instances more advantages than were obtained under the Taft-Fielding agreement of 1911, and that was only two years later. This indicates the uncertainty to which General Foster refers in connection with matters of this kind.

Here there was a country offering to do something for us. As Mr. Fielding said in the debate, we could not change a single item without voiding the whole. Sir Robert Borden asked him if it was indivisible, and he replied, "Yes, on all things." I will give one item, Portland cement, which carried eleven cents in the Fielding-Knox tariff agreement. The present rate is eight cents. It was reduced, and to reduce it would have meant an abrogation of the agreement. The same applies with respect to lumber; we received more favourable treatment with respect to lumber under the Underwood tariff than we did under the Fielding-Knox proposals. So that we have Sir Wilfrid Laurier making suggestions unsuccessfully, immediately after the reductions under the measure of 1911, that it should be availed of. But I have not been able to find any time after 1913, when the Underwood tariff came into being, that Sir Wilfrid Laurier suggested, publicly at least, that we should go back to a higher tariff structure for the purpose of enabling Canadians to trade. Of course there were in the Fielding-Knox agreement items that were lower in tariff incidence than were the items in the Underwood tariff. But in the important items which affected us, cattle, fish and lumber, such was not the case. I mention that in passing.

Let us see what the real situation was that confronted the late government when they reached a point at which they had to decide whether they would or would not make an agreement on the proposals submitted. First, the Prime Minister has correctly stated the limitations upon the powers of the president. Those limitations were of such a character that if we got everything that he could give us we would get concessions of only fifty per cent on the tariff charges then made against us. I shall presently point out that if we got fifty per cent on every item in the tariff we would still be paying, in some instances, a higher tariff than that which prevailed under the Fordney-McCumber rates. That is a fact to keep in mind. I shall give one illustration of this as I proceed. This is the position as I saw it, as my colleagues saw it, as the government saw it and as they instructed their minister to see it: First, the Dominion of Canada is a country with a population of less than eleven million people, inhabiting half a continent in the north temperate zone; on the other hand we find one hundred and twenty-seven million people who are inhabitants of a country with practically every variety of climate known to man. On the one hand, there was a new country without accumulated wealth undertaking a great development, a country that had built railroads on a great scale and that must look to increasing traffic if they were to maintain their economic position among the great nations of the world. On the other hand, there was a vast country, the richest in the world, a country of great reserve power represented by the accumulation of wealth. I shall not take time to refer to those conditions described by Mr. Blake or Sir Richard Cartwright as long ago as 1879, but here we were, a hardy, sturdy people, endeavouring to build a nation on the northern half of this continent, in the north temperate zone alongside a country of 127,000,000 of people inhabiting half a continent and with every variety of product being produced and every variety of climate that the world knows. Ah, more; for we were buying from them $28.86 worth per head during the year before while they were buying from us $2.23 per head.

Mr. BRADETTE: That means nothing—multiply it by ten.

Mr. BENNETT: It may not mean anything to hon. gentlemen opposite but it means a great deal to those who think seriously, and

I will tell you why. The net result was that it made an unfavourable balance of trade against this country of hundreds of millions of dollars, and that is an important thing to keep in mind.

I will go a step further and give the figures for 1934 with respect to trade balances, because I regard them as being of the utmost importance. What was our position? We have a commodity balance, which is a visible balance, and we have an invisible balance of interest, insurance and freights; and these together constitute the relations of one country to the other with respect to trade. In 1934, according to an estimate made by United States authorities, and which agree in the main with the figures supplied by our own bureau of statistics, the United States had a $70,000,000 credit on the commodity exchange between the two countries; and mark you, in 1934 it had been reduced to $70,000,000 by the most painful efforts that a government ever had to undertake. We either had to reduce that $200,000,000 which it once was to a lower figure or else we had to default; there was no question as to that. That was the position with which we were faced.

On our tourist traffic we had a favourable balance in 1934 of $74,000,000; in other words, this tourist industry in 1934 overcame the adverse commodity or trading balance against this country and there was an excess of $4,000,000 in our favour. We had reduced, on the one hand, the trading balance against us by every means within our power, and on the other hand we had stimulated the development of tourist traffic by every means at our disposal.

On immigration, remittances and charities, once more the balance was against us to the amount of $3,000,000.

Then, we come to shipping and freight: On freight passing through the United States and coming into this country they had a claim against us of $6,000,000. On miscellaneous items they had a further charge against us of $6,000,000. On total goods and services there was another balance of $5,000,000 in favour of the United States.

With respect to interest payments in 1934 they amounted to $51,000,000 against us. When I come to direct earnings on investments, that is, the income received by Canadians as against the income paid to people in the United States by people in Canada, there was a balance in favour of the United States of $48,000,000. Bank transactions in their favour amounted to $4,000,000.

Then we did what we have not been accustomed to do in years gone by. By reason of the action taken by this parliament, gold was no longer being treated for purely monetary purposes, and so we treated our exports of gold to the United States as a commodity, and that gave us a favourable balance against the United States of $87,000,000. Then the silver balance and the currency balance was against us to the amount of $2,000,000. So that at the end of 1934, despite the most heroic struggles from 1930 to 1934 that a people have ever made to meet the situation that had developed by reason of the circumstances to which I have referred, the United States had a balance against this dominion of $19,000,000.

We pointed out in the note that we sent to them that this disparity should be dealt with in some way, and we had a right to ask them not only to treat us on an equality basis, but if they desired to give us an opportunity for fair treatment, shall I say, we should have the maximum benefits that could come to us under the limited powers which the president possessed. Confronted with that adverse balance which we had to meet there were other matters which we had to think of. Let us see what they were. Let us look them fairly in the eye.

When we were negotiating for an agreement we were not ignorant of the fact that the exports of this country, exclusive of our domestic requirements, were a matter of transcendent importance not only to our monetary system but with respect to our whole economic structure and life. It may not generally be known, but the fact is that the population of Canada has shifted to the extent that one half of our people are now living in cities and towns. That happened for the first time at the time of the census of 1931, and the trend has increased since. There are more and more people now in cities and towns looking for employment in factories, mills and industrial plants of various kinds than ever before. According to the bureau of statistics, in the year 1934, 82$\frac{9}{10}$ per cent in value of all our agricultural production was used at home, and only 17$\frac{1}{10}$ per cent of our entire agricultural production found a market abroad. That includes everything. Let us go a step further; let us look at manufactures.

Mr. VIEN: Will the hon. gentleman allow me a question?

Mr. BENNETT: I would prefer not just now. After I am through, if it would serve any useful purpose, if the hon. member

desires to ask a question I shall be glad to answer it, but I am not here to be cross-examined.

What percentage of our manufactured goods, think you, is consumed in this country by our own population living in towns, cities and villages and working in mills, factories and industrial plants, and by people living on the farms, consuming our manufactures? No less than eighty-six per cent of the total.

Mr. EULER: For what year?

Mr. BENNETT: For the year 1934, and I take that year because it is the year we were negotiating, the last year for which I could get the complete figures. The figure was eighty-six per cent of the total, leaving for export abroad only fourteen per cent of our manufactured products, $17\frac{1}{10}$ per cent of our agricultural products, and a substantial quantity of raw materials. The net result of all that was to place the Dominion of Canada in the position where it ranked fifth among the exporting countries of the world.

Confronted with that position, I ask you, Mr. Speaker, and any hon. member of this house, what was the duty of those speaking for the Dominion of Canada and seeking to negotiate an agreement with a country of the richness and the variety of products and climate of the United States of America? We conceived it to be our duty to make a proposal on the basis of broad and generous treatment provided we got broad and generous treatment in return, and I have no hesitation in saying that for the concessions granted we had a right to receive from the United States of America over a fifty per cent reduction in every tariff item. What do we give under this agreement? First, there is the intermediate tariff involving substantially 700 items. No one has yet stated in this house how much that means in revenue, but the officials estimate—they did in my time—that for the fiscal year 1934-35 it would mean $5,000,000 as a minimum. Secondly, we granted most favoured nation treatment under this agreement. That means that no concession can be made to any country in the world except within the British empire of terms more favourable than those granted to the United States. The estimate of that loss of revenue is somewhere between $800,000 and $1,000,000. So that the total is approximately $6,000,000—

Mr. DUNNING: That is about right.

Mr. BENNETT: —without taking into consideration the added volume of trade.

Mr. EULER: That would be provided the importations were of the same amount.

[Mr. Bennett.]

Mr. BENNETT: Quite so. Now, making allowance for that, an American authority estimates that the loss will be $9,000,000. I can only give you the figures he has arrived at, and I shall presently show you how he reached that conclusion. Let us go a step further. We promise under the agreement to make further reductions in the rate of duty on United States products coming into Canada, with respect to sixty-eight items. I was surprised the other day when I read the white paper to find a long list of goods on which the United States gave us a reduction in tariff, and then I compared it with the list of goods on which we gave the United States a reduction; and in the one instance, in the white paper, you will observe that the percentages are carried out into the fourth column, whereas in the one dealing with Canada there are no percentages stated.

I took the trouble to work them out, and what do you think they are? The percentages, between the general tariff and the intermediate tariff, applied to the items appearing on page 35 and the following pages, are roughly these, without going into them in great detail. I will merely indicate the percentages in sequence: 50 per cent; 100 per cent; 20 per cent; $37\frac{1}{2}$ per cent; 50 per cent; 100 per cent; 100 per cent; 100 per cent; 100 per cent; 100 per cent; 50 per cent; 50 per cent; 50 per cent.

Mr. DUNNING: How can you reduce anything 100 per cent?

Mr. BENNETT: By wiping it out, by making it free.

Mr. DUNNING: Why not say so?

Mr. BENNETT: I thought, from what has happened, the hon. gentleman did not have any more appreciation of it than that. On page 37 I find items of 100 per cent, 100 per cent, 100 per cent, and then you go to 50 per cent, $33\frac{1}{3}$ per cent, $33\frac{1}{3}$ per cent, then as low as $8\frac{1}{3}$ per cent, then 25 per cent—a series of 25 per cent, a long series—then $16\frac{2}{3}$ per cent, 100 per cent, 50 per cent, 50 per cent, $66\frac{2}{3}$ per cent, 20 per cent, and so on and so on. I need not go through it all. The singular thing was this. Why was it necessary to make a statement of percentages of reduction given by the United States without showing the corresponding action taken in the dominion? Why do we have to work it out for ourselves?

Mr. DUNNING: The word "free" is much clearer to the average understanding.

Mr. BENNETT: Of course; but I am asking why it does not show the percentages.

Why hide the percentage if it is necessary in the one instance? Because in the one instance the President of the United States was prevented by congress from going beyond 50 per cent; that was the maximum. But here there was no such limitation imposed, and you have all these items indicated. Look them over, study them, and ask yourselves whether in your opinion this country is receiving fair and adequate consideration for what it is giving, when you compare these rates with those that are accorded to us. How is it possible to say that it is a fair bargain that limits the concession received to not more than fifty per cent, while granting reductions at rates from one hundred per cent down to eight and a half per cent, on very large numbers of items to which I shall presently refer, items of the first importance to this dominion? The other day I found a motion on the order paper dealing with the problem of market gardens and matters of that kind—a motion placed there by an hon. member. Under this agreement we have made very extensive concessions in respect of the matters to which I refer.

Then we place on the list of free goods about twenty items that are now dutiable. In No. 5 we undertake not to increase the existing rate of duty on seventy-seven items, and we promise to maintain on the free list some fifteen items. It is only fair to state that with relation to that matter, the United States has bound itself not to increase certain free items during the term of the agreement, as we also have done. Then there comes the other concession we make—the abolition of direct shipment advantages in so far as all favoured nation treaties are concerned. If that were limited to ports on the sea, on river or on lake, the argument might be made, as the right hon. gentleman made it the other day; but the letter written by the charge d'affaires at Washington to the United States government extends that promise at least to customs entry ports. I know of no such similar concession in this country. Certainly none of the favoured nation treaties contains any such clause, and I shall presently refer to them. Then there is the cancellation of values under section 43 and the revision of values for duty purposes, under No. 8; and under No. 9 there is the $100 tourist exemption.

I am going to analyze these briefly, because in view of what the Prime Minister said the other day with respect to the consideration of the various items in committee it becomes unnecessary for me to do more than direct attention to them in a broad and general way. First of all let us determine to what extent we have free items in our schedules. That is a matter of importance—the number of them. In our tariff items over 1,200 in number, so I am informed, we have 336 free items under all tariffs; under the British preferential tariff the number is 368, or 32 more, and under the intermediate only there are 4. The free items in the United States number only 214. I put it to the house whether or not, having regard to trade balances and matters of that character, this can be regarded as a fair deal.

Mr. MACKENZIE KING: May I ask my right hon. friend if, in what he is saying, he is considering the interests of the consumer?

Mr. BENNETT: I am considering the interests of Canada as a whole; for unless the interest of the whole is considered the consumers have no interest to consider. Let us go a step further.

Mr. DUNNING: We are all consumers.

Mr. BENNETT: Exactly, we are all consumers, but there must be production antecedent to consumption. That is always worth keeping in mind.

I come next to what I am sure most members of this house are thinking very seriously about; that is, with whom is this treaty made? I am one of those who have always been more or less alarmed and concerned about the favoured nation clauses in our treaties. I confess I found it difficult to negotiate with France when by our granting a concession to France on a suggested item some other country would get the benefit of it and France would not get it at all. That was true of many items that were discussed in connection with the French treaty, and the French withdrew from their position when they saw that not they but somebody else would profit by it. As far as we are concerned the position is a very simple one. We have said that we are to receive from the United States the benefits that may accrue from any treaty they make with any other country in the world. That is, we will get benefits from the United States agreement with Sweden because special concessions were given to Sweden with respect to certain types of pulp. We will get benefits, not only from the group with which the first treaty was made, but benefits, possibly small, from some other countries. For the moment I content myself with pointing out that at the present time the treaties of the United States are with some eleven countries, and eleven only. Some of these were negotiated before and some since the agreement that we now have before us for consideration. Before looking at their provisions possibly I should take our own country and deal with the position which we

occupy so far as favoured nation treaties are concerned with other countries of the world. There are some twenty-eight of them.

With respect to the British empire the position is extremely simple. The following countries enjoy the British preferential tariff: the United Kingdom, Union of South Africa, Ascension, Australia, Basutoland, Bechuanaland, Bermuda, British Guiana, British Honduras, British India, British North Borneo, British West Indies, Brunei, Cameroons, Cayman Islands, Ceylon, Channel Islands, Cyprus, Falkland Islands, Fiji, Gambia, Gold Coast, Irish Free State, Isle of Man, Kenya Colony and Protectorate, Malay States, federated and unfederated, Mauritius and dependencies thereof, Newfoundland, New Guinea, New Zealand, Nigeria colony and protectorate, Nyassaland protectorate, Rhodesia, Northern and Southern, St. Helena, Western Samoa, Sarawak, Seychelles, Sierra Leone, Somaliland protectorate, Straits Settlements, Swaziland, Tanganyika Territory, Togoland, British sphere of; Tonga or Friendly Islands, Uganda protectorate.

British countries entitled to most favoured nation treatment in addition to any possible advantages under the British preference are: the United Kingdom, Australia, Irish Free State, South Africa and New Zealand. Countries that enjoy the intermediate tariff—all of which I may say was done through the late administration—are: Australia, Brazil Germany and Hongkong. They enjoy the intermediate tariff in exchange for their lowest tariff. Then countries that enjoy most favoured nation treatment—this is very important: Argentine Republic, Belgium, Luxembourg, colonies and possessions; Bolivia, Columbia, Costa Rica, Czechoslovakia, Denmark, Esthonia, Finland, France, colonies and possessions; Guatemala, Haiti, Hungary, Italy, Japan, Latvia, Lithuania, Netherlands and possessions; Norway, Panama, Portugal, Roumania, Serb, Croat and Slovene kingdom; Spain, Sweden, Switzerland, United States of America, and Venezuela. All these countries enjoy in our market every advantage we conceded to the United States of America. That is, whatever concessions we give to the United States or have given to any of these countries, they enjoy in this market, and to the extent to which there may be any reduction, that reduction inures to the benefit of the countries I have named, and e converso, with every country that has made a treaty with the United States we also have the right to enjoy similar benefits. I have the names of these countries here: there are eleven of them, and they are as follows:

Cuba, agreement made August 24, 1934, effective September 3, 1934.

Brazil, agreement made February 2, 1935, effective January 1, 1936.

Belgium, agreement made February 27, 1935, effective May 1, 1935.

Haiti, agreement made March 25, 1935, effective June 3, 1935.

Sweden, agreement made May 25, 1935, effective August 5, 1935.

Columbia, agreement made September 13, 1935. Not yet in force.

Canada, agreement made November 15, 1935, effective January 1, 1936.

Honduras, agreement made December 18, 1935, effective March 2, 1936.

Kingdom of the Netherlands, agreement made December 20, 1935, effective February 1, 1936.

Switzerland, agreement made January 9, 1936, effective February 15, 1936.

These eleven countries are the countries from which we receive most favoured nation treatment. But all the other countries that I have mentioned have the right in the market of the Dominion of Canada to the same advantages that we have granted the United States of America. I point that out in order that hon. gentlemen may themselves determine what the true significance of that is.

Mr. DUNNING: My right hon. friend will permit me, I am sure, to point out that he unintentionally misstated his point when he said that we received most favoured nation treatment in those countries. What he meant to say of course, was that we receive treatment in the United States equal to that which the products of those countries receive.

Mr. BENNETT: Quite so. I thank the hon. gentleman. In order to make it quite clear—I was trying to make it a little too short—we receive in the United States markets every benefit that, under the treaties made with the countries I have named, accrues to them.

Mr. DUNNING: That is it.

Mr. BENNETT: That is, the lowest possible level of tariff granted to them, we also receive in the United States markets. So much with respect to the favoured nation treatment.

With respect to the reductions of rate of duty on United States products, I have already pointed out that there are some sixty-eight items, and I have referred to the placing on the free list of twenty dutiable items. I am going to do no more than merely mention that, because they will be dealt with in com-

mittee; many of our friends will have much to say there. There is also an undertaking not to increase existing rates of duty on seventy-seven items. That means that we have bound ourselves not to increase the duties, either intermediate or general, during the term of this agreement on those seventy-seven items, and the United States have bound themselves also, with respect to the limited number that you see in the list, to do the same. We also agree to maintain fifteen items on the free list.

I come now to a question that I consider to be of very great importance, that of direct shipment. I mention this because it has significance of a double character. It will be recalled that this did not have its origin, so far as I have been able to understand, with the Conservative or Union government. Article XXIV of the treaty that was made with France in 1922 provided:

> The nationals of each of the high contracting parties shall enjoy on the territory of the other the treatment granted to the nationals of the most favoured nation. They shall not be subjected there to any duties, rates or taxes, under any denomination whatever, other or higher than those imposed on the nationals of any foreign country.

That was the agreement made with France in 1922, in connection with which my learned and honourable friend the Minister of Justice (Mr. Lapointe) was one of the negotiators, together with Mr. Fielding and Lord Harding, the British ambassador to France. The proclamation bringing the agreement into force provided that goods under the treaty were to be transported by direct shipment. Article XIV provided:

> To enjoy the benefit of the tariff advantages provided for in the foregoing articles products originating in and coming from France, the French colonies, possessions and protectorates shall be conveyed without transhipment from a port of those territories or from a port of a country enjoying the benefit of the preferential or intermediate tariff into a sea or river port of Canada.

Thus it will be observed that by this article it is provided that goods passing through a country enjoying the intermediate tariff shall receive favoured nation treatment. I need hardly point out that in all the treaties that have been negotiated up to the present—and this we did point out with as much clarity as possible—we proceeded on the assumption that the United States was under the general tariff. I am not in a position at the moment to state what will be the result in the various countries with whom we have treaties, now that they find themselves no longer under their special treaties, meeting the conditions provided thereby, but are faced with a new set of conditions under which the nearby United States of America enjoys the same benefits and in some instances even greater benefits than were enjoyed by those nations under their treaties.

That is a matter of great and even tremendous importance. We have built up our ports on that assumption; we have spent millions of dollars on that understanding. We have spent it at Saint John, Halifax, Quebec and Montreal, on the assumption that in all the treaties we made by which we granted favoured nation treatment to various countries of the world, it would be provided that they would ship their goods direct to this country through a lake, river or sea port. You will recall, sir, the discussions that took place in this house in that regard. In 1922, however, under the French treaty, we provided that these goods would still receive favoured nation treatment if, in transit, they passed through a country enjoying the intermediate tariff. At that time the United States did not enjoy that tariff. It now does, with the result that goods from the orient can come to Seattle, proceed from Seattle on a through bill of lading to any part of Canada, and enjoy favoured nation treatment. Equally that is true with respect to goods that originate in Poland or any other countries that enjoy the intermediate tariff or better. Those who know the subsidies that are being paid to foreign shipping companies to enable them to carry on the business of their nationals will readily understand how much easier it is for them, operating as they do under a subsidized service, to bring their goods to New York or Boston and ship them from there on a through bill of lading, than it is to follow the practice that has prevailed heretofore.

But it has another effect, one to which I feel sure the right hon. gentleman and his colleagues have not given consideration. It is one that I certainly could not overcome in my own mind in 1935 and which I am yet unable to overcome. It is this: What will be the effect on our railways? I will take one item. There are large numbers of branch factories in Canada, many of which have been here a long time. The parent factories are in the United States of America; many of them are situated around the city of Chicago, in the states of Wisconsin and Minnesota. The depreciation of the Canadian properties, extending over a long period of years, has reduced the balance sheet value of those properties to a very substantial degree. I can only give you this, that men are being released from employment in some of those branch factories

to-day because it is cheaper to produce the goods in the central western United States and ship them to Canada by rail from those centres, thereby destroying to that extent the traffic the Canadian railways were enjoying. I mention that because it is not a possibility, it is an actuality, and when the proper time comes, when the items are before the committee, I shall give the figures with respect to some of these items. I said the other day that the freight rates with respect to some of these items, from the United States factories to the Canadian west, is only one-third the freight rate through Canada to the west, and that the effect will be—not will be, but now is, in some instances—that with the large depreciation values that have been set up for the branch factories that have been here for many years, they are producing goods for western Canada at the parent plants and shipping them to Canada, to the detriment of employment in this country as well as to the detriment of our transportation systems.

Mr. MACKENZIE KING: May I ask my right hon. friend if he has any figures as to the amount of traffic over our railways into the United States compared with the amount of traffic over United States railways into Canada?

Mr. BENNETT: Yes; a moment ago I tried to give the right hon. gentleman the freight and shipping figures. The United States in 1934 received from us $21,000,000 for freight and shipping and we received from them $15,000,000, leaving a balance against us of some $6,000,000.

Then there is one other point. Goods coming to Canadian ports on a through bill of lading ensured that our railways got that haul. Goods landing in the United States will mean that our railways will get only the shortest haul that may be possible. The movement west will be carried on over American roads until such time as the goods move up on the Soo line or at Emerson or other points of that sort, to reach the Canadian distribution point in the west. That, of course, is a matter that gives very great concern, for the two reasons I have mentioned: the one having to do with production costs in our market, considering the lower rates of duty, and the position taken by the parent companies with respect to their branch factories, and the other, of course, dealing with the physical question of transportation and the employment of people on the railways and steamships of the country.

There remains also for consideration the question of the removal of the operation of section 43, or, as the right hon. gentleman speaks of it, the removal of arbitrary values. I said, and I repeat, that but for the provisions of section 43 and its application to the value of imports into this country, during the years from 1930 to 1934 at any rate, I do not see how we could have maintained our position. It was perfectly absurd to deal with them by means of ad valorem duty. Some time ago, for instance, I heard —it was not hearsay; the right hon. gentleman will permit me to say that it was from the producer of a commodity—that eighteen cents a yard was the price at which this commodity could be produced in Canada. But our friends from Japan offered to supply the commodity for 12 cents a yard.

Mr. MACKENZIE KING: The same quality?

Mr. BENNETT: Yes. I am bound to say to my right hon. friend that the two articles were brought into the Department of Finance by the gentleman concerned; I had them tested as to any difference in quality, and they told me there was no substantial difference as far as could be seen by, shall I say, a casual examination on the part of those who were able to express an opinion. But the question of quality comes in only if you are able to induce people to pay a higher price for quality's sake, and in these days of depression there is not much desire to get more than the thing that will serve its purpose; the question of quality is not a material consideration on the part of the buyer. I mention this because it has become very important in connection with one or two matters.

I ask this question: the right hon. gentleman was correct in stating that he has not lost his right to increase the intermediate tariff; shall we then consider this resolution on the basis that there will be no increase in the intermediate tariff, or on the basis that there will be? We have a right to know. Members of this house, when they give approval to this agreement, have the right to know whether the intermediate tariff is to be raised or not, because it changes the agreement; the agreement submitted to us and the agreement that would then be in force would not be the same. The right is there to be exercised. As an instance I will give one item that is very well known. Florists' flowers coming into this country from any country, under the intermediate tariff are free. There is a duty of forty per cent under the general tariff. That looks like a large duty, but there is sales tax to pay; there is duty on coal and on other commodities that enter into the costs of production of flowers. In the county of Peel

there is, I believe, an investment of a couple of million dollars in florists' establishments. Florists' flowers from the United States are to be free under the intermediate tariff; is there to be an increase in the intermediate tariff or not? That is the question. We do not know; only the government knows. The government have no right to ask me to vote on this agreement until I know whether or not they propose to modify that intermediate tariff.

There are other items to which reference might be made. Take furniture; the effect has been to reduce the duty from 45 to 27½ per cent.

Mr. EULER: It is 27 per cent.

Mr. BENNETT: Yes, pardon me. My hon. friend knows. I am not using this illustration because my hon. friend happens to know about it because it is made in his locality. But I put this to the house; the other day I picked up the Congressional Record and I read a speech in which a member for Carolina pointed out that this was going to be a great thing for him; his furniture sales had been seriously cut down, but now he would be able to recover his lost market I want to know. There is a large number of items on which it is clearly apparent that unless some action is taken the result from this agreement will be greatly to decrease employment in Canada. That is clear. But in addition to that it is common ground that very substantial injury will be done to those who have invested their capital in this country. I am not here to argue for a single moment that every vested interest in this country has a right to perpetual—

Mr. ROSS (Moose Jaw): Pap.

Mr. BENNETT: Well, let hon. gentlemen laugh, but my reading of the history of my country is that we have built up employment for one half of our population by the application of a protective tariff: You can call it pap if you like; all I can say is that successive governments have done it. The government of the late Sir Wilfrid Laurier was not behind others in doing it; and having done it, with our eyes open we have created these industries. I have said before in this house that there are some industries in this country that I would never have created, but they are here; they will be here long after I am gone, and the question now is whether they are entitled to fair consideration and fair play. We said we would leave that to the tariff board, and I find that this agreement proposes to leave some factors and some difficult problems to be determined by the tariff board. The former Minister of Finance gave effect to every finding and recommendation made by the tariff board that he received in time to give effect to while he held office, every one of them. It would be presumption for me to express any view with respect to the question of sufficiency or insufficiency of tariff protection, but by taking the action this agreement contemplates, injuries will inevitably result. There is one way to cure them, and that is in many instances to increase the intermediate tariff. I think I am within my rights, as every hon. member of this house is within his rights, in saying that before I stand in my place and vote on this agreement I want to know whether there is to be at this session an increase in the intermediate tariff.

Mr. DUNNING: There might be decreases also.

Mr. BENNETT: There may be decreases; one is not arguing that there may not. The government may reduce every item in the tariff except those with respect to which they are bound to specific duties or free entry, those they cannot alter, either under the United States agreement or any other agreement where similar conditions prevail. But the question is, is there to be any increase in the intermediate tariff? I leave it to any fairminded man in this house whether he does not think he has a right to know whether or not that intermediate tariff structure is to be changed at this session, before he votes to give effect to this resolution. For if it is changed, the resolution he votes on and that which will be in force will not be the same. The bill founded on it will not be the same. If the tariff bill is passed later of course it will modify pro tanto the provisions of the trade agreement we are now considering.

Mr. DUNNING: No, not of the agreement.

Mr. BENNETT: Of course it will.

Mr. DUNNING: The agreement specifically reserves to this parliament the right to change.

Mr. BENNETT: Yes, that is what I say, and if there is a modification of the rates that now prevail, the agreement that we enact and the agreement which will be in force will not be the same.

Mr. DUNNING: Not at all.

Mr. BENNETT: Well, put it this way, in order that there may be no haggling; the situation will not be the same.

Mr. DUNNING: The effect will not be precisely the same.

Mr. BENNETT: Certainly the effect will not be precisely the same; that is all I want. And since it will not be precisely the same, has not this house the right to know whether or not there will be a change in the intermediate tariff?

Mr. DUNNING: Then equally the house has a right to know what the government is going to propose next year or the year after that with respect to the intermediate tariff.

Mr. BENNETT: No; in a given session we can deal only with sessional matters.

Mr. DUNNING: And we cannot deal with the budget until it is down.

Mr. BENNETT: I agree, but I say any change that might be made with respect to the intermediate tariff affecting this agreement would not be fair to the house unless the house knows before the agreement is adopted, what the changes are to be. It is simply a matter of fair play.

Now I will give a list of items that I think must be considered by this government. Item 16, eggs: existing general tariff, ten cents; intermediate, five cents. Oats, sixteen cents; down to nine cents. When the item is before the committee I wonder what explanation the government is going to give for wild oats not fit for human consumption getting the reduced rates while oats fit for human consumption are not dealt with. The Minister of National Defence (Mr. Mackenzie) should at least make a protest over that. Take wheat, another item that must be considered: it carries to-day thirty cents against the United States; under the intermediate it is twelve cents. Wheat flour, $1.35; intermediate, fifty cents. I can recall in my younger days when the flour went to the maritime provinces, as the Minister of National Revenue (Mr. Ilsley) can tell you, came from Boston in schooners at practically no freight rate at all; it could easily pay fifty cents a barrel duty. Is that to remain? That is a question for consideration. Then, hay: at the present time the rate on hay is $5; under the new tariff it is $1.75. Is that to remain, or not? Under the old tariff the duty on potatoes was seventy-five cents; the new rate is free. Is that to continue? Is Maine to supply potatoes to upper Canada? Is Michigan to supply Windsor her requirements free of duty, or are Canadians to do this? This has to be considered. Then, onions, thirty per cent, with a specific duty, as against thirty per cent. Mushrooms and truffles thirty per cent with a specific duty as against twenty-seven and a half per cent. On fresh fruits the duty is reduced to fifteen per cent.

An hon. MEMBER: Yes.

[Mr. Dunning.]

Mr. BENNETT: My hon. friend approves that. But remember this: There can be destruction of no industry, however small it may be, without injury to the whole economic structure of our country.

Then, let us take advertising. Advertising, when less than twenty per cent, paid two cents a copy. These items are now free. This advertising, I believe, is one of the most insidious of the, shall I say, unseen influences which have to do with the formation of national character. I think it will be found that that is so. That position is true of wall board, wall paper and paper containers, rods, bars, and sheets and plates of brass. Parts of watch movements are reduced to five cents specific duty, instead of ten cents. Then, farm implements are mentioned, in which we are carrying on a large export trade which cannot possibly be maintained, unless the former duty is restored. Then, there are washing machines, machinery, nuts and bolts, middle range automobiles and trucks, manufactures of steel, furniture, linoleum and oil cloth, and several other commodities I might mention, without going into them at length.

I put this question, and ask it very seriously: Are we to be told before we vote upon this agreement whether it is a real one that is to be effective, or whether the intermediate tariff is to be raised so that these various industries and agriculture products which are matters of concern, shall be cared for? Let us ask ourselves one more question with respect to this matter, and it is this: What is the effect of this agreement upon agriculture and agricultural products, including dairy products? Let us answer that. The duty on cream is reduced so that it occupies a position equivalent to eight cents a pound on butter. The old Fordney-McCumber tariff was twenty cents; this is now thirty-five cents, with a quota. I shall refer to this point presently. Name me any agricultural products which benefit by this agreement. Name any agricultural product which in the ultimate analysis benefits by this agreement. Let us take dairy products on the farm. We will pass live stock; as regards live stock undoubtedly there is a benefit, but that is not a fifty per cent benefit—and that is the odd part of the matter —as we shall point out in committee. If we are dealing with these items why could we not get at least a fifty per cent reduction with respect to cattle, and commodities of that nature? Is it worth while entering into an agreement merely for the sake of saying, "We have signed an agreement inside of ninety days; we had been in office only a few days, and see what we did"? Is that for the

economic welfare of Canada? That is the real issue which must be considered.

Then, turning again to the tariff we find we have now a quota on lumber. Who introduced quotas? Tell me this: Is there a single quota which Canada has imposed against the United States? If there is, name it. But look at the list of quotas imposed against us. Why should quotas be imposed against us when we did not get even fifty per cent? Let us take fish. What do we get for fish? Look at the Underwood tariff; look at the free fish. Shall it be said that, because of the depressed condition in Gloucester and surrounding territory, where they have trawlers which go out on the open sea and the grand banks, Canadians, without trawlers, endeavouring to compete in United States ports are denied that privilege to the extent of fifty per cent of existing duties. There is a depression here, too, in the fishing industry. The farm, the forest, the sea, the mine—what have we as regards the mines? We have a few articles that have relation to hydro electric power, as was pointed out; and even as to them, what is their relation to the whole? I am asking that question seriously. What are they? Study them, and answer me. What answer can be given?

There is, it is true, a reduction in the duty on liquor, on cattle and on whiskey. There was never any question about the duty on whiskey, because whiskey in the United States has not matured. If we get rid of our whiskey before the date of maturity of theirs we shall have succeeded in benefiting from this agreement. Otherwise, we shall not. We must dispose of our whiskey during the period the United States whiskey is maturing.

What about our parts manufacturers in Canada? I am not going to do more than point out that we have afforded them protection. The assembly plants of this country have utilized the parts produced in Canadian mills and factories, and have utilized them to an enormous extent. I have knowledge of the fact that there have been cancellations of orders for these items. Are we going to pass an intermediate tariff which will give greater protection to these items? These are questions which will have to be dealt with.

What has been done with respect to any of these commodities? For instance, we have bran, shorts and wheat—what about them? Are they free? No. Is the duty reduced to any extent at all? No. It is fixed at ten per cent, where it stood the day before the agreement was signed. Look at the items. Then there are hulled oats, unfit for human consumption, with a duty of eight cents per bushel of thirty-two pounds. There is nothing for oatmeal. Then there is wheat, unfit for human consumption, with a duty of ten per cent ad valorem, the rate at which it stood before. Not a cent of reduction in duty for entry of wheat into the United States of America, although we have reduced our duty on their wheat to the extent I have indicated. On bran, shorts, byproduct feeds obtained in milling wheat or other cereals, the rate is ten per cent ad valorem. On mixed feeds it is ten per cent ad valorem, and on screenings, ten per cent, the same old rate. On cereal breakfast foods, we have in this instance a reduction in duty from twenty per cent ad valorem to fifteen per cent, or a decrease of five per cent. When we come to grass seeds we find a fifty per cent reduction. My point is this: Why did we not hold out for a fifty per cent reduction with respect to all these items if we were going to get a fifty per cent reduction on this or that? Had we not a right to ask for this?

Then there are large numbers of items to which I shall give no more than hasty consideration. First, we have oats and barley. How will the change in the rate on barley affect Prince Edward Island? What about the pelts of silver foxes which come from the island? The silver fox industry is one of the greatest down there, but we find a fifty per cent ad valorem duty on these pelts entering the United States—no reduction. On certain pelts, however, the rate was reduced. On wolves' pelts—and I can understand this—the duty was reduced. But on pelts of silver foxes, an item which touches vitally the economic life of the island, there was no reduction; the fifty per cent rate still remains.

Then we come to other items, a number of which I have mentioned. Did we get a fifty per cent cut on cattle? We did not. We secured a reduction, but it was not fifty per cent, the maximum, which we should have received. We did get something else; we got a quota on them. I put to the house just one question with respect to this situation: Looking at those schedules can it be said that we have received adequate consideration for what we have given? That is the question. The right hon. gentleman put it yesterday fairly. That is the issue. Well, sir, I put this to you and to the house: Does it ever occur to hon. members that during an election any prime minister would be anxious to sign a trade agreement because of the effect which this might have upon the mind of the electorate? If he did not sign it; if the government could not approve proposals that did

not give to the Dominion of Canada concessions that were adequate to those which we gave, only one thing can be said, that the temptation to sign any agreement is very strong, and the fact that it was not signed is at least some indication that there was strong conviction that it was not adequate. There is the story.

The right hon. gentleman said something about the future. I put this to him: What more can we give the United States than we have already given them under this agreement? What have we left to negotiate with? There is the position; there is the situation, and I can only say that the government of the day was not prepared to grant the concessions contained in this agreement for what we consider the wholly inadequate advantages accruing under it to the Dominion of Canada, notwithstanding the effect that it might have upon the minds of the electorate.

The right hon. gentleman was right the other day in saying that it was in September that the note was given to the public. The government of the United States did not think it desirable that during negotiations there should be any publication of the note, and so we did not publish it.

Mr. MACKENZIE KING: My right hon. friend was mistaken about having tabled it.

Mr. BENNETT: The hon. gentleman was right it was not tabled in the house. Twice I had the note ready to table, and twice I was advised by the minister that it was undesirable to do so. I was in error in thinking that it had been tabled, and I desire to make that perfectly clear.

Contemporary opinion in one country is not always a guide to the action of another country. Of course, most members of the house have seen the article that appeared in the Independent Journal of Columbia University written by Professor Brebner, in which he speaks of Canada's tariff gamble and says that this is an excellent treaty for defying economic nationalism. He says that Canada has made more concessions increasing her economic vulnerability. I am not going to take time to do more than point out his conclusion, that this would be injurious to Canada. Without going into the matter, I may say that he points out our vulnerability and says in effect that this is a huge gamble; that if it succeeds it is a good thing, and if it does not, it is a very bad thing for the future of this dominion.

I cannot think, Mr. Speaker, that we are warranted in gambling about such a serious matter, and when I look at the observations made by the President of the United States himself and by his Secretary of Agriculture, Mr. Wallace, I realize that they refer to this agreement as affording a market in the Dominion of Canada for their manufactured products as well as their agricultural products. These words were used by the Secretary of State, Mr. Cordell Hull, in a letter to Mr. Costigan: He said that the restrictions with respect to cattle will "assure the most ample protection to our domestic cattle producers." He continues:

> The small concession which we have granted on cattle must be considered, if its real significance is to be appreciated, in the broad light of the entire agreement ... and of the benefits which will derive of this agreement in the shape of hundreds of millions of dollars in increased exports, a large part of which will largely consist of agricultural exports, while the remainder of the increase will be in industrial products, which, through enlarged payrolls and augmented purchasing power will inevitably rebound to the ultimate benefit of our cattle raising and farming sections.

Mr. Henry A. Wallace, the very able Secretary of Agriculture, speaking at Chicago on December 10, said that it was his considered judgment that American agriculture gains from the Canadian reciprocal trade treaty "so far outweigh the losses that the net advantage to our agriculture as a whole is very much worth while." He said that Canadian concessions on meats and meat products duties will open the way "for our farmers to get back a bigger share of the British pork market. The new agreement will permit American pork to go to Canada to replace Canadian pork exported to Great Britain, thus, in effect permitting increased exports of American pork to Great Britain." He claimed important benefits to fruit and vegetable growers through Canadian concessions and said that those benefits would be "substantial gains" for United States grain growers. "Farmers of the United States will unquestionably gain from the increased exportation of manufactured products to Canada," he said. He went on:

> Suppose that exports of these products are increased by $300,000,000—a conservative figure in view of our trade with Canada in the past—and that half of this amount or $150,000,000 goes into payrolls.
>
> This would mean definite and substantial gains in cash income of farmers. Studies have shown that in the past an increase of $150,000,000 in United States factory payrolls added from four to six million dollars to the income of farmers in each of such states as Illinois, Wisconsin, Minnesota, Nebraska, Missouri, Iowa and Ohio.

The President himself said:

Agriculture, far from being crucified by this agreement, as some have told you, actually gains from it. We export more agricultural products to Canada than we have imported from her. We shall continue to do so, for the very simple reason that the United States with its larger area of agricultural land, its more varied climate and its vastly greater population produces far more of most agricultural products, including animal products, vegetables and fruits, than does Canada. In the case of the few reductions that have been made, quota limitations are set on the amount that may be brought in at the lower rates.

On the other side of the picture we believe, and most unbiased men believe, that the general increase in our trade with Canada, including the exports of our factories, will so add to the purchasing power of hundreds of thousands of wage earners that they will be able to spend far more than they do to-day for the products of our own farms, our own forests and our own fisheries. Greater trade is merely another word for more production and more employment. The proof of this particular pudding is in the eating; the best way to judge the new accord is to observe how it works out.

Mr. MACKENZIE KING: Has my right hon. friend any observations by ex-President Hoover?

Mr. BENNETT: He did not have anything to do with this matter.

Mr. DUNNING: He had a lot to say.

Mr. BENNETT: I am only going to follow up what I have read by saying this: Varying views will be entertained with respect to the benefits and disadvantages of this agreement. There are those who will argue that the benefits far outweigh the disadvantages. There are Canadians who will argue, as they have done, that the benefits greatly exceed the disadvantages. On the other hand, there will be Canadians who see in this agreement, as I do, not only a balance of disadvantages against benefits but an act on the part of the government that can only—can only, I repeat—result in great injury to Canada unless we avail ourselves of the provisions of the intermediate tariff and at this session increase it with respect to many items to which I have referred. That, I think, is inevitable. On the other hand, in the United States there are those who say that the bargain is bad for the United States, and there are those who say it is highly advantageous; one is a supporter of the administration and the other is opposed to it. But that is not so everywhere. There are men who left office because they felt that the agreement was not satisfactory from the standpoint of the United States. There are Canadians who view it with alarm, and there are Canadians who rejoice at it.

I can only say that each of us must arrive at his own conclusion in the light of the knowledge he possesses of the fundamental economic position of this country. This agreement is predicated upon the assumption that there will be a great increase in purchasing power in Canada within the next few years. I am not one of those who do not believe that we shall gradually improve our condition, but when I heard the right hon. gentleman the other day take 1929 as a basis for comparison, I wondered why he took that year. For in 1929 the Fordney-McCumber tariff was in force and that tariff imposed, against Canadian trade, barriers never before known until the Hawley-Smoot tariff of 1930. That is a fact which the ordinary figures indicate; they show the trade of this country before and after the enactment of that measure. I can only say that we are placed in a very difficult position. In good faith, desiring to extend Canadian trade in accordance with the traditions of our party, we made as a basis for negotiation proposals that were broad and generous, giving an opportunity to consider every item in the tariff structure of both countries.

Mr. EULER: My right hon. friend has said that the minimum demand we should have made upon the United States was for a straight fifty per cent reduction in their tariff against us all along the line. I should like to know whether he made that demand and whether the reason why no agreement was reached under his administration was the fact that the United States refused to make that concession.

Mr. BENNETT: That question is simply answered. Mr. Hull, the Secretary of State, as the communications read by the right hon. gentleman the other day show, said that each item would have to be considered. Proposals and counter-proposals were made, and when these proposals, which are now practically the proposals of the United States, were presented to us we said definitely that we could not give them such concessions.

Mr. MACKENZIE KING: They are not practically the same.

Mr. BENNETT: The right hon. gentleman says that they are not practically the same. It is true that with respect to cattle we had a fifty per cent cut with a limitation on values; this is less than a fifty per cent cut with a quota as to numbers. This, I think, should be a fair answer: The government of the day was not prepared to grant the concessions asked for in return for the concessions which the United States expressed themselves willing to grant.

Mr. EULER: I am afraid the leader of the opposition missed the point of my question. I was not particularly referring to the concessions we were giving to the United States; I was asking about the concessions which were demanded by Canada from the United States. Was the demand made that there should be a straight fifty per cent reduction all along the line so far as the United States tariffs were concerned?

Mr. BENNETT: There were two discussions, one as to an agreement of a limited kind, the other being an agreement in the large sense now before us. And before we could get any further in the matter the demands were such that we said that anything granted would not be adequate compensation for what was asked, not even fifty per cent.

Mr. EULER: Did you ask for fifty per cent?

Mr. BENNETT: The question is not whether we asked for fifty per cent; we said fifty per cent would not be adequate.

Mr. EULER: I understood the right hon. gentleman to say that we should not have concluded any agreement unless we received at least a minimum of fifty per cent all along the line, and I am curious to know whether he asked for that concession and whether, it being refused, he did not conclude an agreement.

Mr. BENNETT: Let me answer that question in this way: I said that if my hon. friends were going to come here with an agreement they should at least have taken as a minimum the maximum the United States would grant, which was fifty per cent of existing tariff rates. But I said that the concessions asked for were such that at no price were we prepared to grant them. I want to make that clear beyond peradventure. It is not a question of fifty per cent or any other percentage; we made it clear that neither fifty per cent nor sixty per cent would be adequate for the concessions asked from us, because it took away from us everything we had: the whole intermediate tariff, the favoured nation clause, the binding on the free list and the loss of direct shipment, so that for the first time in our history there might be a through bill of lading; it was no longer to river, lake or seaport but to inland customs port.

Mr. EULER: My question was definite.

Mr. BENNETT: And I have answered it as definitely as it is possible to answer it. We could not and would not give to the United States what this agreement gives, in return for anything which it was within the power of the president to grant. Is that clear?

Mr. MACKENZIE KING: Are we to understand from the right hon. gentleman's remarks that negotiations were definitely terminated before he went out of office?

Mr. BENNETT: No. They were in this position, that in October it became perfectly clear that we could not succeed in securing an agreement on the basis I have mentioned, the basis of this agreement.

Mr. MACKENZIE KING: Not of this agreement.

Mr. BENNETT: It was substantially what this agreement embodies.

Mr. MACKENZIE KING: No.

Mr. BENNETT: I say that it embodies what the United States asked us to give and we would not give.

Mr. MACKENZIE KING: My right hon. friend knows that negotiations of the kind are confidential; but when he makes the statement that this agreement is one that he could have made and one that was offered to him at the time, he knows that is not the case.

Mr. BENNETT: Well, I repeat that the proposals of the United States were substantially those embodied in the concessions which have been submitted to this house; I say that positively and without question. And what is more, we never did reach a draft agreement; a draft agreement was never prepared. But I will tell you more. Mr. Foster, in his memoirs, points out that during the progress of negotiations with the United States he received intimation that somebody else would do something better; and there is no doubt that during the negotiations, during the last two months that we were in office, there was circulated, throughout official circles in the United States, the idea that if the Liberals got in they would do better than we had done. That was circulated in season and out of season, stated on public platforms by the right hon. gentleman, that they could negotiate agreements where we could not.

Mr. DUNNING: We have.

Mr. BENNETT: Certainly; but agreements which we would not.

Mr. DUNNING: Which you could not.

Mr. BENNETT: There is one thing I deprecate. I greatly deprecate the attitude of the Prime Minister with respect to this and

all other matters. The other day he saved a war in Europe; to-day he has made an agreement at which all the world is sitting up and wondering. I think it ill becomes one occupying the position of Prime Minister to try to make the people believe that wars and rumours of war have been stilled and peace has been secured because he repudiated Mr. Riddell in Geneva, and that the world's economic peace, liberty and happiness depend upon his having made these concessions to the United States; that we got all that we could get, which is enough, because we have restored the balance in the world's economy and all is well in Israel. That, I say, is an attitude of mind which is not conducive to the well-being of the country. It is magnifying oneself to an extent which I think is not warranted.

Mr. MACKENZIE KING: Don't speak of magnifying oneself, please; please don't. Spare us that.

Mr. BENNETT: It makes us a bit ridiculous in some quarters. It has been the subject matter of a good deal of ridicule in different places that these 11,000,000 people, having made a bargain with the United States, have saved the economic peace of the world, and that the repudiation of a representative of ours in Geneva by the then acting Prime Minister saved the world from war, if only the facts were known. That is not conducive to this country being held in that esteem in which it should be regarded among the nations.

Mr. DUNNING: You would describe it in Mr. Thomas's terms.

Mr. BENNETT: The hon. gentleman, in his solicitude for vested interests, may well speak in that way, but the fact is that he will find it more difficult to deal with the British agreements by reason of the agreement now before the house, much more difficult. Then the smile and jeer that he has for those who toiled with these agreements will probably give way to some sympathetic understanding of what they did for this country when they made them, and his anxiety to serve the interests that he so nobly serves will perhaps give way to a little consideration for the people of this country.

Mr. DUNNING: What does my right hon. friend mean?

Mr. BENNETT: Just what he says.

Mr. DUNNING: What did he say?

Mr. BENNETT: I said that the interests he serves so nobly—

Mr. DUNNING: What are they?

Mr. BENNETT: They are the great interests of this country. Never have they been served better by any Minister of Finance than by the hon. gentleman, as everybody knows and as has come to be very generally understood.

Mr. DUNNING: The great interests of this country?

Mr. BENNETT: Yes.

Mr. DUNNING: The interests of the people of this country?

Mr. BENNETT: No.

Mr. DUNNING: Not of the people?

Mr. BENNETT: The interests that have been discussed in the house. The so-called great interests. The St. James' street interests he used to speak about; the milling interests—

Mr. DUNNING: On a point of order, Mr. Speaker: my hon. friend has just stated in effect that I represent in this house certain special interests; that I serve them here nobly. There is a word which the rules of the house will not allow me to apply to my hon. friend. He knows what it is, and he knows that it would be correctly applied. I demand that he withdraw unconditionally. The statement he has made is absolutely without foundation, and he well knows that.

Mr. BENNETT: Anything that I know, Mr. Speaker, is correctly indicated by what I said. If the hon. gentleman feels offended at what has been said—

Mr. DUNNING: No, sir, not because I feel any offence but because it is contrary to the rules of the house, and is untrue.

Mr. BENNETT: The rules of the house are quite clear, and I have not transgressed them. If we look at the observations of the last five years from his side of the house—

An hon. MEMBER: That is not what we are talking about.

Mr. BENNETT: —we shall find that they were always in use and applied when they were attacking others. Now when an observation is made with respect to himself, my hon. friend becomes very hot and very much worried.

Mr. DUNNING: I have never applied such observations to any hon. member, and my right hon. friend knows I have never applied them to him. He knows how unfair, unjust and untrue they are as applied to me. I insist on an unqualified withdrawal.

Mr. SPEAKER: Will the right hon. the leader of the opposition withdraw?

Mr. BENNETT: Mr. Speaker, I am bound to accept your ruling and withdraw the remark.

Mr. DUNNING: Thank you.

Mr. BENNETT: All I did was to direct attention to the fact that the records of Hansard are filled with similar observations applied to others, including myself.

Mr. DUNNING: Not by me.

Mr. BENNETT: I admit that the hon. gentleman is sui generis in his party. So far as his party is concerned, that has been their stock in trade.

Mr. MACKENZIE KING: That is not true.

Mr. BENNETT: Unquestionably.

Mr. MACKENZIE KING: No.

Mr. BENNETT: Never has any man in Canada been vilified in this house and attacked in every part of Canada more than I; and the people are beginning to know this and understand it. I shall follow it up with some data—

Mr. DUNNING: With regard to me?

Mr. BENNETT: Yes.

Mr. DUNNING: With regard to me?

Mr. BENNETT: Certainly.

Mr. DUNNING: All right; go on.

Mr. BENNETT: That is what I say and it is exactly what I mean, Mr. Speaker. Let there be no misunderstanding about it.

In concluding my observations I would say that there are differences of opinion with regard to this agreement both in the United States and Canada. We have the right to know whether this is an agreement that represents the real determination of the government within the rights conferred upon them to modify the intermediate tariffs, and until such time as we receive that information we cannot, I submit, fairly or honestly vote upon this agreement. We are entitled to that information, and I ask that it be given to us or that the consideration of the items in the agreement be dealt with as items in the ways and means committee when the budget is being considered.

I regret, Mr. Speaker, having had to take up so much time in reading so many extracts in dealing with this subject, but no more important matter has ever engaged the attention of parliament, nor is any more important matter likely to engage its attention, than the one now before us. If we ask for the fullest information in order that we may be able intelligently to discuss it I think we ask for what is our right. This is expected of us by the Canadian people, by our several constituents and by those in every part of the country affected by the agreement, and until such time as we know whether the intermediate tariff is to be modified, increased or reduced at this present session of parliament we cannot properly deal with the agreement or give effect to its schedules.

Mr. J. T. THORSON (Selkirk): I am sure that the house will freely acknowledge its indebtedness to both the right hon. gentlemen who have participated in this debate. I should like at the outset to congratulate the Prime Minister (Mr. Mackenzie King), first upon the success that attended his efforts in negotiating this trade agreement and then upon the very complete and masterly presentation which he made of the case in favour of this resolution. May I likewise compliment the right hon. leader of the opposition (Mr. Bennett) upon the interesting and forceful address which he has just delivered in the house. He has made perfectly clear to hon. members and to the people of Canada his opposition to this trade agreement as it stands, and I think he has also made it perfectly clear that if the Canadian people had elected a Conservative administration Canada would not now have any trade agreement with the United States. May I also add a personal tribute to the Prime Minister for the splendid thought that actuated him in endeavouring to conclude his negotiations with the United States so that he might be able to announce on November 11, Armistice Day, the making of an agreement between Canada and the United States, thereby, Mr. Speaker, setting an example to the rest of the world in that on Armistice Day Canada and the United States were thinking of trade in terms of peace when much of the rest of the world was thinking of war.

It will not be possible for me, in the short space of time at my disposal, to deal with the various items in the schedules attached to the trade agreement, but I should like to state certain fundamental principles and certain reasons why I for one support this agreement We on this side of the house support it for a number of reasons. In the first place it shows a new attitude towards international trade. It recognizes officially that the Liberal party regards trade not as war but as the peaceful exchange of goods based upon mutual advantage. That was recognized by the persons

who took part in the signing of the agreement. Mr. Cordell Hull, Secretary of State of the United States, made this statement:

> Underlying this agreement are the twin policies of the good neighbour and mutually profitable trade.

When the Prime Minister spoke the other day he made perfectly clear the attitude of the Liberal party. In the course of his remarks he said:

> May I say at once that we sought an agreement which would be fair and square and which would be helpful to both countries.

I submit also, Mr. Speaker, that this agreement will provide freer entry into the United States of a great number of primary products than has been the case heretofore. We have had concessions given to us with regard to agricultural products, fishery products, forest products and mineral products. The right hon. leader of the opposition sought to minimize the extent of these concessions to the primary producers of Canada. In a sense perhaps we ought to feel grateful to him for his remarks, because they will strengthen the hands of President Roosevelt in repelling the attacks that are being made in the United States against this agreement, on the grounds that the United States will be flooded with Canadian products. That is the argument there; we have heard the contrary argument here. Somewhere between the two lies the truth, and the truth is that the agreement is based on fair and square dealing on the basis of mutual advantage. I for one rejoice at the reversal of the trend of policy of the United States. The president of the United States made reference to this change when he said:

> The signing of this agreement marks the reversal of the trend of the last two decades towards undue and unnecessary trade barriers between our two countries. I am confident that this constructive step will contribute greatly to the economic recovery of both the United States and Canada.

The basic wealth of Canada is in its primary production, but that basic wealth is of no value to those who produce it unless it can be made to circulate. We on this side of the house feel that this trade agreement will stimulate the circulation of that basic wealth, with benefit to the body politic.

There is another reason why we support this trade agreement. We feel that it will ease the burden of the primary producer. There are reductions in the duty on implements of production, and it is essential to the welfare of the primary producer that his costs of production should be lowered in every possible way. Indeed there are many of us on this side who would criticize this trade agreement in that it does not go far enough in the reduction of duties.

This agreement also remembers one who was forgotten during the lifetime of the previous administration. I refer to the consumer; the tariff reductions now provided for will reduce the cost of living to the consumers of Canada.

During the course of this debate mention has been made of the Ottawa agreements. I express the hope that never again will this country make an agreement along the lines and principles of the Ottawa agreements. I regard them as a dangerous step in the direction of economic imperialism. They are based upon wrong principles of bargaining and they are restrictive of trade agreements with other countries of the world. The trade agreement with the United Kingdom contained a very dangerous and iniquitous clause; I refer to article 9, which reads:

> His Majesty's government in Canada will invite parliament to pass the legislation necessary to substitute for the duties of customs now leviable on the goods specified in schedule E the duties shown in that schedule, provided that nothing in this article shall preclude His Majesty's government in Canada from reducing the duties specified in the said schedule so long as the margin of British preference shown in that schedule is preserved or from increasing the rates under the intermediate or general tariff set out in the said schedule.

I stress the words, "so long as the margin of British preference shown in that schedule is preserved," and I say that as long as that clause remains in the Ottawa agreements it is impossible, in respect of the articles covered by them, to make with other countries such trade treaties as we should like to make. As an illustration I mention cream separators. In 1930 cream separators entered this country free under all tariffs. Our importations for the fiscal year ending March 31, 1930, totalled $955,000, of which 71·4 per cent came from the United States, 13·6 per cent from Sweden, six per cent from Denmark, and 3·4 per cent from France, with no importations at all from Great Britain. Then both the intermediate and general tariffs were increased to twenty-five per cent while cream separators continued to come in free under the British preference. In 1935 the total importations fell to $362,788. Only 11·4 per cent of our importations of cream separators came from Great Britain, and a duty of twenty-five per cent was imposed on 88·6 per cent of our imports of cream separators. A monopoly was created in Canada in respect of these articles. Our hands are tied with regard to cream separators;

as long as the Ottawa agreements are in effect we cannot make a trade treaty affecting cream separators with any of the countries with which we trade. Further than that, we cannot reduce the duty on cream separators below twenty-five per cent as long as the Ottawa agreements remain in force, because we have guaranteed to the United Kingdom a twenty-five per cent margin of preference. This is an iniquitous clause, which should be repealed when the Ottawa agreements come up for revision.

There are fundamental and important differences between this agreement and the Ottawa agreements. In this agreement we are making a retreat from economic imperialism and breaking the crust of economic nationalism. Both economic imperialism and economic nationalism are wrong policies for this country to follow; the only safe course for Canada to travel in matters of trade is that of internationalism, and we are now travelling on that safe highway in the direction of greater world trade, while the right hon. leader of the opposition and his followers are still mired in the slough of economic nationalism. No country is more dependent upon foreign markets than is Canada; no country is more dependent upon export trade, even though the percentage of our total production that is exported is as the leader of the opposition stated this afternoon. Export trade and foreign markets are of prime importance to the Dominion of Canada.

There is another reason why this trade agreement is preferable to the Ottawa agreements; the latter were restrictive of trade, and they have had the effect of creating an unfriendly sentiment in Great Britain towards Canada. There was a sigh of relief in Great Britain when the previous administration was so overwhelmingly defeated at the polls, just as there was a sigh of relief in this country. On the other hand the United States trade agreement will be productive of trade arrangements with other countries. This country will receive the benefit of all such trade treaties as the United States will make with other countries, and the benefits of all such treaties will inure to Canada. There is no guarantee of any fixed margin of preference in this agreement, and there is nothing to prevent reductions of duties. If I had been asked the question whether we are going to increase the intermediate tariff my answer would have been emphatically in the negative.

Another reason why we favour this trade agreement in preference to the Ottawa agreements is that in this one all the revisions of tariff duties are downward, which was not so in the case of the Ottawa agreements. I am one of those who feel that, when the time comes to consider what shall be done with regard to the Ottawa agreements, there should be a drastic revision of them.

The Liberal party was returned to power by a tremendous majority. The voice of the people spoke with no uncertain sound. That voice expressed discontent with existing conditions and with the policy of the previous administration. If there was any mandate at all in that vote of the Canadian people it was most emphatically a mandate that there should be substantial tariff reductions.

I should like to compliment the Prime Minister upon the campaign that he conducted during the last election. He appealed for the suffrages of the people on fundamental principles and refused to be led into any campaign of competitive promises. The Liberal tariff policy has been clearly laid down. It was laid down in Winnipeg on January 12, 1932, when the Prime Minister stated:

> As time goes on conditions change, and what for yesterday may have been the wisest step, for to-morrow may be a step which, if taken at all, should be taken with great caution. Speaking broadly, however, were we face to face with the electorate to-morrow I should not hesitate to say that, having regard to adjustments here and there, of which account would of necessity have to be taken, the Liberal party if returned to office would restore the tariff structure of this country to levels at least the equivalent of those which existed when we went out of office. What Canada requires above all else to-day is a policy which will be more concerned with encouraging exports than with keeping out imports.

Then in the South Huron by-election the Prime Minister repeated what he said at Winnipeg:

> I want to say at once that the Liberal party in Canada has never at any time had a belief in the efficacy of high tariffs. Our view is that economic conditions not only permit but demand with respect to world trade an immediate substantial general reduction in customs duties, and for the purposes of greater freedom of trade within the British Empire no uncertain increase in the British preference.
>
> I would repeat to-day what I said at Winnipeg before the opening of the last session of parliament—that the Canadian tariff should be brought immediately to the level of what it was at the time the Liberal party went out of office in 1930; in other words to a level the equivalent of that established by the Dunning budget.

This was not only the declaration of the leader of the Liberal party; it was the policy of the Liberal party as a whole. This policy was put clearly before the people in every part of Canada from coast to coast. One of the reasons why I support this trade agreement strongly is that it is in accord with Liberal

policy; it is a step in the right direction. The Canadian people will greet this as a first step, with other steps to follow; they will accept this agreement with the United States as a first instalment in redemption of the pledge given to them by the Liberal party.

Our policy with regard to the tariff is two-fold; we believe in making trade agreements on a reciprocal basis with all countries that are willing to trade with us, and we hope that this trade agreement is the first of many similar ones that will be negotiated by the Canadian government. I should like to see the government commence immediately negotiations with Russia with a view to concluding a trade agreement with that country. I believe we could make with Russia a trade agreement that would be of advantage to that country and decidedly advantageous to Canada. We could buy from Russia oil and coal, and we could sell to her machinery and manufactured goods. Great Britain has made a trade agreement with Russia. There is nothing dangerous in making such an agreement, and we should at once embark upon an investigation of the possibilities of concluding a trade agreement with that country.

Mr. WOODSWORTH: Might I ask the hon. member what party it was that broke off trade relationships with Russia?

Mr. THORSON: I do not think that has anything to do with the present discussion. We in common with others suffered from the insanity of economic nationalism, but it is my hope that we are emerging from that insanity—

Mr. WOODSWORTH: Hear, hear.

Mr. THORSON: —and are now upon the pathway towards a sound economic policy.

I think we could make a trade agreement with Germany. Mr. James Richardson after being there indicated that he had heard many expressions of opinion in that country to the effect that they would be willing to buy Canadian wheat if we were ready to buy German goods. And we could make trade agreements with a number of other countries. I have personal knowledge that the small country of Iceland, from which my parents came, would be very glad indeed to make a trade agreement with Canada. Might I digress for a moment and on behalf of the people of Iceland thank both the Prime Minister and the leader of the opposition for their splendid efforts in bringing about on the occasion of the one thousandth anniversary of parliament in Iceland a presentation to that country of a scholarship fund. I am sure that no gift from Canada to the people of Iceland could have been more welcome. Our policy should be one of trade. Our wealth can be increased only by the exchange of goods, and a policy whereby there will be an exchange of goods is essential to a return to prosperity. Any persons or any party who preach that we cannot build up an exchange of goods preach a defeatist policy.

Our tariff policy is not confined to the making of trade treaties. If we can get concessions from other countries, well and good; we accept them gladly. But it is the view of a great number of people in Canada who have suffered from the high tariff policies of the previous administration, that we should make substantial and immediate reductions in the tariff, whether we get corresponding concessions from other countries or not.

Practically the whole of the argument of the right hon. gentleman opposite was directed to his contention that we did not get adequate consideration from the United States in respect of the concessions we gave that country. If I were to have any quarrel with the trade agreement now before us it would be that we have not sufficiently lowered our own tariff. We do not regard the tariff as an instrument to be used exclusively for bargaining purposes. The right hon. gentleman asked: What else have we to bargain with? Heaven knows that a tariff which still reaches over 200 per cent protection, in some instances, leaves ample room for reduction, whether such reduction be brought about as a result of reciprocal trade treaties or as a consequence of unilateral reductions in the tariff.

There are many people in Canada who are not satisfied with the reductions which have already taken place. The Canadian people are demanding a lower tariff, in the interests of both primary producers and consumers. They are not satisfied with the tariff reductions that have already been made. The debate in committee of ways and means will show the outrageous protection still in force; there are numerous commodities on which the people of Canada are undoubtedly demanding substantial tariff reductions. For instance, they want reductions on oil, gasoline, agricultural implements and textiles. There are many of us who feel that we must lower the costs of production and the cost of living. The primary producer has had to accommodate himself to world prices. In this country we cannot continue to bonus every form of production, as we have been attempting to do. Such a course of procedure is artificial and ruinous. We must restore the balance between prices of agricultural products and those of manufactured goods, and that balance can be brought about only by tariff reductions. Industry would not suffer as a

result of such reductions. The whole country would gain through increased volume of trade, and the resulting increased purchasing power of the consumer.

One of the curses in Canada lies in the monopolies which have been developed. It is our duty to break up concentrations of wealth and these monopolies and, as best we can, to bring about a fair policy of competition, with no special privileges.

The Canadian people have spoken in an emphatic and distinct voice. They have voiced their discontent; they have given a mandate to the Liberal party, and to-day that party is on trial. As Liberals it is our duty to obey the wishes of our people and to carry out the mandate entrusted to us. I support this resolution as strongly as possible, believing we are beginning a new era of international trade, based upon principles of international good will and mutual advantage, and that we are witnessing the inauguration of a fiscal policy suited to the needs of the Canadian people and designed to promote their welfare.

On motion of Mr. Thorson, the debate was adjourned.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

VACANCY

Mr. SPEAKER: I have the honour to inform the house that I have received a communication from several members, notifying me that the following vacancy has occurred in the representation in the House of Commons, for the electoral district of Antigonish-Guysborough, in the province of Nova Scotia, consequent upon William Duff, Esquire, the member therefor, having been summoned to the Senate.

COPYRIGHT ACT

Mr. W. K. ESLING (Kootenay West) moved the second reading of Bill No. 7, to amend the Copyright Amendment Act, 1931.

He said; Mr. Speaker, the suggestion aws that the hon. Secretary of State (Mr. Rinfret) might go home to celebrate his natal anniversary this evening, and as this bill comes under his department it was my intention to let it stand until the next sitting, but inasmuch as the minister is here, I think we might as well proceed.

There is one primary thought which ought to be remembered by members in the consideration of this bill, and that is that the work and achievement and the genius of an author or composer are his own personal property, and it must be protected just as much as a vested right in real estate. The author or composer has a claim to an indefeasible title to anything he produces.

I think the next fact to be considered is that the public must pay for the production of music. Canada was a signatory to the Berne convention and by virtue of that fact our Canadian authors and composers are protected in other countries just as the authors and composers of other countries are protected in Canada. So there are two phases of this copyright act which must be borne in mind.

The operations of the Canadian Performing Right Society became so reckless, shall I say, as to become, well, nothing short of a racket; so much so that complaints were made to the Secretary of State and it was deemed wise to appoint a royal commissioner to make a thorough investigation of this society. I am very glad that the Secretary of State has furnished the members with a copy of the report of His Honour Judge Parker because, Mr. Speaker, there is no use discussing a bill unless the members are fully informed on their topic. The operations of the Canadian Performing Right Society are a matter of vital interest to every community, large and small, in this dominion, and therefore of vital importance to every member who desires to serve his community.

This question goes back to the amendment to the copyright act that was made in 1931, where authority was given to companies controlling copyright to issue licences and collect fees from those who performed music in public. I repeat that when that amendment was made it expressed the unanimous voice of the house because the general intention was that the amendment was for the protection of Canadian authors, composers and publishers. The very name of the society bears that out—the Canadian Performing Right Society. But as a matter of fact we find that Canadian authors and composers do not participate in or benefit by the collection of these licence fees in any way whatsoever.

The Canadian Performing Right Society, as I stated on the first reading of this bill, was the outcome of some genius in the United States or England. In the United States the American Society of Authors, Composers and Publishers exists, and in England there is the Performing Right Society of England, with which are affiliated similar societies in other countries, all signatories to the Berne con-

vention, and they are all authorized under the authority of their respective countries to issue licences and to collect fees.

Throughout the Dominion of Canada every broadcasting station, every theatre, every radio in a hotel or restaurant and every public hall of any kind, whether it be a fraternity or community hall, every place in which music is played for public purposes, is called upon to pay a licence fee under the amendment to section 10 of the 1931 copyright act. The Canadian Performing Right Society is composed, as I stated on the first reading, of the American company, the English company and some eighteen European companies. They have not very much of a financial set up in Canada, the capital structure consisting of 10,000 no par value shares, and only two shares are held in Canada. The directors are resident three in the United States, one in England, and two provisional directors in Toronto.

Moreover, there is no limit, it seems, to the licence fee they can charge. When they commenced their operations they fixed the minimum charge at $10 per year for every hotel, restaurant, and public hall, but in January, 1935, they arbitrarily raised that minimum from $10 to $30. Now the point is this, that there is nothing to prevent them from raising the rates much higher again. They have already made this arbitrary raise of the minimum from $10 to $30, as I have mentioned, and also in January, 1935, they raised the rate on theatres from a minimum of ten cents a seat to 15 and 20 cents a seat. Many of the larger theatres have not paid that higher rate because they can afford to fight any attempt at extortion, but the little fellows cannot afford to hire lawyers, and through fear and threats pay the fee, whether they believe it to be excessive or not. The theatres in 1934 paid this Canadian Performing Right Society, the company in which there are no Canadians participating at all, the sum of $50,000, and in 1935 the rate to the theatres was raised. The radio broadcasting stations paid to the Canadian Performing Right Society approximately $63,000 in 1934, and in 1935 that was raised approximately to $83,000. The hotel and radio fees were doubled from $25,000 to $50,000 in 1935.

There is also the fact that any other society in Canada can, under section 10 of the copyright act, 1931, go out and levy a similar toll. There is nothing in the world to prevent two or three or four or as many companies as you please from incorporating and collecting these tolls, and their minimum fee may be ten or twenty or thirty dollars. The present company rule entirely by threats, and the fear which they instil in the hearts of the small theatre owners compels them to pay. Only to-day I had a communication from a law firm in regard to the case of a little fellow who had been trying to create some amusement for the people at the beach. With his own hands he spent two and a half months building a hall, and at the end of the season, after the cottagers had left, along came the Canadian Performing Right Society collector, demanding $30, or more money than the boy had taken in. He paid it out of fear and had practically nothing left for his work.

Throughout British Columbia the Canadian Performing Right Society, apparently fearing that this investigation by Judge Parker would result in legislation which would curb their operations, sent men into the field collecting money here, there and everywhere, wherever they could get it. If any fraternal society refused to pay the $30 as required they would come back and take $20 or $10 or anything they could get.

I have introduced this bill in the hope that there will be a full and free discussion on the part of all hon. members so that something may be done to curb what can be nothing but a means of extorting money from the Canadian public.

Mr. E. R. E. CHEVRIER (Ottawa East): The main reason I rise on this occasion is that we are concerned with the second reading of this bill; and, according to the practice that prevails in this house, whoever allows the passing of the second reading is regarded as a matter of course as assenting to the principle of the bill.

My stand on this matter goes back fifteen years in the house, and you, Mr. Speaker, and some of the other members, are familiar with my views regarding copyright. This evening I desire to approach this question from one point only, namely, the question of rights. It is well known that we are now a party to the convention of Berne. There are two classes of authors: those who are our own nationals and those who belong to nations which are parties to the Berne convention and are neither Canadians nor Canadian nationals. So far as our own nationals are concerned, we may violate the convention of Berne from the first to the last letter; we may stultify ourselves by proclaiming any arbitrary measure to the detriment of our own nationals, and it is up to our own authors to suffer. But as adherents to the Berne convention we have

to respect that international undertaking, and under the terms of that convention copyright exists in every one of the countries that are participants in the convention, and that without any formality whatsoever. As regards all works, whether literary or artistic, no formality need be complied with to secure copyright. The ownership in the copyright may be in the author or it may be in his assignee, and as the hon. gentleman who is proposing the bill (Mr. Esling) has said, the right to the copyright must be respected just as much as is a title to real estate.

Unfortunately in Canada that is not so. Those who in the past have been charged with the elaboration of a copyright act have always and to this moment neglected to protect the copyright holder. The most glaring evidence of that was given before one of the committees of the house when a gentleman from Toronto came to give evidence and declared that he represented the Copyright Protective Association. On examination of that witness it was found that the shareholders and those who composed the Copyright Protective Association were paper makers, dealers in twine, dealers in paste, and dealers in ink and typesetting, but there was not a single owner of a copyright nor was there one author in that corporation. We have neglected to safeguard the rights of authors.

For many years we have been endeavouring to provide remedies and to afford some measure of protection, but the law as it now stands is a fearful testimony to the monumental lack of protection. With reference to these two kinds of authors, we may do as we please with our own nationals; but as regards those who are not Canadian nationals, they retain their right to copyright and have a perfect right to charge whatever they may wish to exact in connection with the performance or reproduction of their works, whether literary or artistic. I protested vigorously in the name of these outside authors when this law was enacted. True, I recognize that there must not be a monopoly; true, these artistic or literary works may be reproduced for the good of the community. But after all the authors have a perfect right to say whether for $5 or $50 or for nothing at all their works may be reproduced.

It may be objected that in the patent law the ownership is taken away after a certain length of time. There may be some difference as between copyright in a piece of music and a patent on a wonderful instrument or an improvement, whether in connection with the telephone, the telegraph, the Marconi system or some of the most recent developments of science. There may be something in that. But there is no particular reason why the rights of composers to fees should be taken away from them and should be given some arbitrary compensation.

Is there any real reason why there should be a corporation called the Performing Right Society? I am not at all concerned with the Performing Right Society. As to whether it exists I am not concerned in the slightest degree. But it will be recognized at once that authors belonging to those nations of Europe and of other parts of the world subscribing to the Berne convention cannot very well supervise the collection of their own fees in Canada, any more than Canadian authors can supervise the collection of royalties in Japan, Belgium, France, Switzerland, Italy and other countries that are adherents to the convention. Some association must exist for the collection of these fees. I have not gone into the question, but it may be a fact that in the Performing Right Society there are no Canadians who have assigned to that corporation any of their rights. Nevertheless there are authors and copyright holders, assignees of those rights, who have handed over to that corporation the collection of their fees. I am not suggesting for a moment that the Canadian Performing Right Society should have the right to charge something outrageous, but we are faced with this problem: We belong to the convention of Berne or we do not. We have signed that international convention; we are bound to adhere to its tenets, and I submit that we cannot by this means interfere with the rights and the royalties of those authors and composers and assignees thereof who are not nationals. It is all very well to say that there is a racket—probably there is; I am not concerned for the moment whether there is or not—and to say that enormous fees are being charged. But I think that what was shown under past circumstances is well within the memory of any hon. member who has sat in the house for some years.

I did not intend to speak on this matter this evening, but I collected just at random one or two items from a most voluminous collection of documents that I happen to have, and if I am allowed I shall cite one or two of them. It was disclosed before the committee on railways and shipping on June 24, 1931, with reference to Canadian National broadcasting that the total amount paid for talent in 1930 was $95,073.82. This was for the artists who performed the copyrighted works; $95,000 was paid to the per-

formers of those compositions. And when I asked this question in the house on July 2, 1931:

What amount of money was paid by the Canadian National Railway Company to authors and composers of copyrighted music and of other works, as fees or royalties for the use of the said copyrighted music or other works by the said Canadian National Railways broadcasting stations in Canada during the past twelve months?

—the period corresponding to that within which $95,073.82 had been paid for talent—I was answered by the then Minister of Railways that the sum paid in copyrights was the magnificent one of $20.42. The authors obtained $20.42 in order that those who performed those copyrighted works might obtain $95,073.82, and for rentals the additional sum of $60,756.23. I leave it to hon. members to say, first, whether a racket exists, and, second, where the racket does exist; whether the author derives a comparable benefit for the work which he puts on the market.

Going back to the 1931 committee I recall the evidence of Mr. Gitz Rice. If there is any racket let us see where it is. He said, at page 78 of the report of the committee's proceedings on June 30, 1931:

Since I started my profession of song writing I have been very fortunate in writing some of the world war's greatest songs. I have yet to collect the first cent from my own country, Canada, for them.

And further down he says:

The composer always gets the worst of it, no matter where you go.

And he adds:

At the same time the Victor Berliner Company of Montreal, published 250,000 records of McCormack singing "Dear Old Pal of Mine,"—

—written by Mr. Gitz Rice—

—and never paid me a cent.

It is with those two views in mind that I approach this question. The first one is, as I have said, that under the terms of the convention of Berne we may do as we please with our own people; we may humiliate them to our hearts' satisfaction by not allowing them to get any of the fees and royalties to which they are entitled, but at the same time I say that so long as we are participants in the convention of Berne we cannot arbitrarily determine what the compensation or royalties shall be to those who are not nationals.

In passing I may say that we have placed ourselves through our copyright law in a very bad light so far as European countries are concerned. In the last few years I have received a large number of comments upon our law, and I am afraid that some of them, expressed by leading lawyers and jurisconsults of the continent, would be hardly parliamentary. I have under my hand one from M. François Hepp, who is a Doctor of Law in Paris. What he says is this:

Un texte législatif important, et qui ne peut sembler aux amis du "Droit d'Auteur" que vraiment bizarre (sinon monstrueux), a été voté, le 17 avril 1935, en troisième lecture.

A free translation of that is:

An important legislative text, which may seem to the friends of "Droit d'Auteur" nothing less than peculiar (if not monstrous) was voted on third reading on April 17, 1935, by the Canadian Senate.

That in effect is what leading experts on copyright law say of our present Canadian copyright act.

I suggest that there should be a complete revision of that act, with a view of doing exactly what its title says, making it an act for the protection of copyright and not an act for the protection of everything but copyright. If we go back to the origins of the law —I am not going to trace them—whether common law or statute law, we shall find that in those countries where people were moved by the fairness of the right of the copyright holder, be he composer or author, justice was done to him; also that justice has not been done to our Canadian authors and composers. I shall give but one illustration of the sacredness of copyright, going back to the very earliest times of the colony. I remember reading in the Relations of the Jesuit Fathers that an Indian had his own war song and that nobody else was allowed to sing it; if some one did so it was the right of the one whose copyright had been infringed to engage in warfare and to kill that person if he could. So that copyright goes as far back as the Indians of the earliest days of the colony, and I deplore the fact that even to this day Canadian authors do not enjoy, not the right of life and death over their infringers, but a fair measure of security.

I understand that the Secretary of State (Mr. Rinfret) proposes at a later date to introduce a bill to implement in some respects the report of Judge Parker. This is neither the time nor the place to discuss that report but I am very much afraid that we shall be faced again with the same situation, namely, trying to determine rights in respect of something over which we have no jurisdiction whatever. It may be true that monopolies exist in Canada as regards the collection of these fees, but I pointed out on another occasion that the place to deal with the matter was not on copyright legislation. There is another statute the Industrial Disputes Investigation Act, and

if we must do something by legislation, why not place that provision in the Industrial Disputes Investigation Act and take it out of the copyright act. No other copyright legislation in the world contains such a provision. The place to have it, if you must have it, is outside the statute altogether.

I take this opportunity, Mr. Speaker, again to say that when the matter arises at a later date either in committee or on the third reading, I shall declare my complete opposition to anything which infringes the conditions under which we entered into the convention of Berne. With all deference I say that the government would be well advised to wait until the next convention takes place in Brussels next September. Then, in the light of what takes place there, after a study of the grievances that have been alleged against our own system and after consultation with experts representing the various other countries, a measure can be framed which we can truly call a copyright act, which will contain the essential of copyright, which is the protection of the copyright owner.

Mr. TAYLOR (Nanaimo): I should like to ask the hon. member if the Berne agreement protects against reproduction or against reception.

Mr. CHEVRIER (Ottawa): In the Canadian act there is a provision with reference to radio; I suppose that is what the hon. gentleman means. That applies the provisions of the Berne convention to reproduction by radio.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, the hon. member for Kootenay West (Mr. Esling) has directed attention to evils that were persistently brought to the notice of the previous government. The hon. gentleman is entirely in error when he suggests that the copyright legislation of 1931 first authorized the owners of musical copyrights to license the performing rights in such copyright. That authorization has existed for many years.

The legislation of 1931 was directed to the regulation and control of such associations and companies as had acquired musical copyrights, and were exercising those rights by making utterly unjust demands upon the public for the use of their performing rights. I know the hon. member for East Ottawa (Mr. Chevrier) has some very strong views on the matter. From time to time he has presented them before this house and before several of the committees of this house, but neither in the committees nor in the house has he obtained legislative recognition of those views.

During the last session these evils became so apparent that it became necessary for the government to appoint a commission to make a judicial inquiry into the facts in order to ascertain whether and to what extent these allegations of monopoly and unjust price were founded in fact. The amendment of last year, therefore, had in view the appointment of such a commission. That legislation passed, I think, without dissent; certainly, as far as I remember, it passed without dissent from the hon. member for Ottawa East, and at an early date the government did appoint a royal commission to make the inquiry.

I have read cursorily the report of that commission; I know from the newspaper reports that the investigation was a long and exhaustive one. I know the various interests were represented there by some of the ablest counsel that could be procured in Canada, and there these questions were fought out. If the government of which I was formerly a member had remained in office I have no doubt that on the recommendation of the Secretary of State, after an investigation had been held, either by order in council, as authorized under the act, or by legislation, some real effort would have been made to regulate or suppress the evils which had grown up. This is a matter with which the government must deal, I think, as a government, simply because in dealing with it the government must comply with the obligations which this country has undertaken by becoming a party to the Berne convention. That convention was signed by the preceding government of the present Prime Minister (Mr. Mackenzie King), and the duty and obligation was placed upon the succeeding government, which was the late government, of seeing to it that the convention was conserved, but also that any evils which had grown up, under the organization of a Canadian company called the Canadian Performing Right Society, Limited, should be mitigated and if possible restrained.

Undoubtedly, I think, under the Berne convention this parliament has a right to deal with radio communication, and under that convention there is no restriction upon our right to enforce criminal and quasi-criminal measures. Under the Berne convention there is no restriction to our right to put an end to price-fixing and extortion such as has been alleged in connection with the Canadian Performing Right Society, Limited. I will not say that this was founded on fact, because I have not had an opportunity of reading the evidence which was heard by the commission; that evidence was returned to

the Secretary of State after I left office, and this government must now deal with that matter. We have had an assurance by the Secretary of State (Mr. Rinfret) that this government will deal with the matter, and I think we may feel confident that a matter of this kind will be dealt with effectively.

Therefore I would suggest to the hon. member for Kootenay West either that he have this debate adjourned until such time as it can be ascertained whether or not the measures proposed by the government are effective, or that this bill be withdrawn as premature. The evils cannot be dealt with as the hon. member for West Kootenay has attempted to deal with them in this measure; I am quite clear as to that. But that they can be dealt with under the recommendations, or some of the recommendations, made by the commissioner, who sat and heard evidence for months, I believe is possible, and therefore I think it would be far better to leave the government free to deal with these evils.

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, I think even this short debate will have convinced the house that this matter of copyright is a very complex problem. In two successive speeches we have heard the hon. member for Kootenay West (Mr. Esling) contending that there is a racket in the matter of exacting fees in favour of the composers, and the hon. member for Ottawa East (Mr. Chevrier), who quoted what he said was a celebrated jurist, contending that it is monstrous that the fees exacted should be so small and of so little benefit to the composers of music. Therefore I think I am safe in concurring in the statement made by my predecessor in office (Mr. Cahan) that strong views are entertained on both sides of the question, and that an effort should be made to reconcile those views and introduce legislation which will assure an even measure of justice.

As to the principle of the bill, I fully agree with the sponsor that it is desirable to give effect by legislation to the results of the inquiry made by Judge Parker. But we cannot dissociate this intention from the provisions of the bill which are known to us, and I completely disagree with him as to the methods by which he proposes that the house should follow up the report made by Judge Parker. I may not have time to go into details to-night, but I think it could easily be proved that in both respects he is completely in disagreement with Judge Parker. Inasmuch as my hon. friend has praised the appointment of a royal commission I believe he will be willing to support the government when a bill is brought down that will embody more completely the recommendations made by Judge Parker.

In passing let me say that although I have on more than one occasion supported the hon. member for Ottawa East (Mr. Chevrier) in his efforts to obtain a good copyright law in this country, I am not in agreement with him on the point that is under discussion just now. This bill, the bill I shall bring in and the inquiry made by Judge Parker deal merely with the activities of the Canadian Performing Right Society, and I contend that this society has placed itself in a position where special measures are absolutely necessary to meet the situation. The society may own copyrights on foreign music, but it is a Canadian organization, very close to a monopoly, and I must say most decidedly, as the minister charged with the administration of copyright, that I consider its activities are distinctly in opposition to the interests of true copyright as I understand it. I believe that if an individual composer of music takes advantage of the present law he can have the fullest protection, but when we have to deal with a monopoly, a society owning thousands or hundreds of thousands of musical compositions, we certainly have to adopt towards such a company special provisions in the act. The hon. member for Ottawa East himself agreed that that might be necessary, but he said: Why not do it by another act? In reply I say that if he is agreeable to have it in another act, why should he oppose having it in this one, because the effect will be the same, the result will be identical, whether we deal with that society by the copyright act or the Combines Investigation Act. All that the Canadian Performing Right Society does is to hold a monopoly on musical compositions and exact fees for the use of them. This is not copyright in the true sense of the word. We have never known how the money collected is distributed to the composers. I am still at a loss to find out how this is done. In dealing with this society we are facing not copyright but a special application of it, and personally I do not think there would be any conflict with the Berne convention in having special sections dealing with this society.

What the former Secretary of State did was to have an act passed in 1931 forcing this society and others of the same character, if they exist, to file a statement of their fees with the Department of the Secretary of State, and if there was opposition or conflict over those fees the act provided for the appoint-

ment of a commissioner to make inquiry. That is what was done, and we now have in our hands the report of Judge Parker, appointed a commissioner on March 22, 1935, to investigate the whole situation. I would say to the hon. member for Kootenay West (Mr. Esling) that although he professes to follow the work of the commissioner, in both of the sections that he proposes, he has completely missed the point made by Judge Parker. In the first place my hon. friend wants to fix maximum fees for the performance of musical compositions either over the radio or in theatres or otherwise, and if there is anything that is very plain in the report of Judge Parker it is that he said that should be dealt with only on the actual situation. He does admit that the whole matter is in the experimental stage, and his chief proposal is:

> That the copyright act be amended so as to provide for the establishment of an appeal tribunal, to determine disputes arising out of performance in public and to approve of the tariffs of the Canadian Performing Right Society, Limited, from time to time before they become effective.

In other words, far from recommending any permanent fee the recommendation of Judge Parker is that there should be a tribunal that would every year, if there is any discussion as to the fees filed in the Department of the Secretary of State, hear such appeals.

In the second section of my hon. friend's bill he proposes that the society should not only file a list of its musical compositions with the Department of the Secretary of State, but also furnish a copy of such list to hotels and restaurants and other places where such performances may be heard. On that point also he is in complete disagreement with the report of Judge Parker, who at page 33 makes it very plain that he does not think the society may be in a position to file any complete list with the Secretary of State or to supply that list to every performer of the music. I agree with the hon. member for Kootenay West that there is some ground for the argument that if you do charge a fee on music the least you can do would be to tell the performer what music that is. The fact that they cannot supply lists shows conclusively that this society is a monopoly of a very special character and that we cannot deal with it in the same way as if it were a true and complete owner of copyrights in the real sense of the word.

The hon. member for Ottawa East has cited a case which is very pathetic, that of the composer of the famous song "Dear Old Pal of Mine." I think we all agree that that song was sung everywhere, not only in this country but in the United States, and that the composer did not have even the slight redress that could be exercised now in favour of a similar case. But I say again that if we had to deal with individual cases I would advocate that the law be made if possible more strict in favour of the composer. But I ask my hon. friend to consider that any bill we introduce must deal with the special case of the Canadian Performing Right Society, and that case cannot be dealt with in the same spirit or regulated in the same way as if we were dealing with individual composers.

I thank the former Secretary of State for the proposal he made, which I am also going to make to the mover of this bill, that he either let his bill stand or else withdraw it until the government through myself present to the house the bill that we have in mind. It is not customary to disclose the contents of a bill before it is given first reading because, like everything else, it is subject to changes. I may say, however, that it is the intention of the government to present a bill which will follow closely the recommendations made by Mr. Justice Parker. The bill will tend to create a tribunal of appeal where, every year at a certain period, performers may appeal from the fees of the Canadian Performing Right Society, and other societies. We wish to observe the principle mentioned to-night by the hon. member for Ottawa East that the owner of the copyright in the first place should file a fee which he believes to be proper. Inasmuch as we have to deal with what I shall again describe as a monopoly, we also want to give to the performer the opportunity of coming before the tribunal each year at a certain date to appeal from the fees fixed or registered in my department by such societies. I think we should preserve both principles, that of the free ownership of a copyright and, at the same time, that of regulating against a monopoly wherever it exists.

Further, it will be necessary to provide for the transition period between the time Mr. Justice Parker was appointed and the time the new bill will be in operation. A bill was passed in 1935 covering the circumstances, whereby no action may be taken in the recovery of fees pending the inquiry. But from the time that Mr. Justice Parker was appointed until the time the new bill will be in effect, and, if we provide for a tribunal, until the time when the appeal would have been heard by that tribunal, it will be necessary to cover the transition period. That will have to be done by the Secretary of State with the consent of parliament. Provision will be made therefor in the incoming bill.

Supported by the Secretary of State of the late administration—and I again thank him for his support because we happen to be of the same mind—I renew my request to have the hon. member's consent to let the bill stand, and not force second reading. If he should do otherwise I would have to vote against it.

Mr. J. S. TAYLOR (Nanaimo): It seems to me that protection of copyright lies within the whole field of reproduction, and not that of reception. I hope the government is taking that point into consideration. It seems to me ridiculous that the owner of a radio receiving set should be compelled to pay for everything he receives.

Mr. CHEVRIER (Ottawa): There is nothing in the act about that.

On motion of Mr. Neill the debate was adjourned.

DOMINION FRANCHISE ACT

Hon. FERNAND RINFRET (Secretary of State) moved the second reading of Bill No. 3, to amend the Dominion Franchise Act.

He said: Mr. Speaker, I crave the indulgence of the house to speak again, as this bill comes under my jurisdiction. I believe the provisions in the bill are self-explanatory and should not prove contentious. The object of the bill is simply to postpone for one year the revision of the existing lists. As hon. members are aware a committee of the house has been agreed upon and will soon be formed to study amendments to the elections act and the Dominion Franchise Act. Many proposals have come from different sources respecting amendments to the electoral law.

In the debate on the address several hon. members referred to changes which should be made in our electoral law. Further references have been made in the press and in private correspondence indicating a strong desire to amend the elections act and the Dominion Franchise Act. Under the circumstances the postponement of the annual revision to take place this year seemed the obvious procedure. There is no desire to cast any reflection upon the existing law. My own experience has been that it has worked very well in more than one particular, and I pay my respects to the former government in its execution of this legislation. I may say that the law has functioned well in the district in which I happened to live during election time, and there is not the least desire to cast any reflections upon the law when, in the name of the government, I propose the postponement of the revision.

I would bring to the attention of the house the fact, in the first place, that a revision is very costly. A question on the order paper has asked for the full costs of preparing the lists for the last general election, a procedure which of course was quite necessary, and for the costs in connection with the revision which took place last May.

So that hon. members may have the facts may I say that when the dominion franchise commissioner placed his estimates before me he had two sets of proposals. If there was to be no revision he was satisfied with a sum of about $16,000, but if there was to be a revision he asked for $350,000. Hon. members will understand that these expenditures are very great. It is my opinion that in the city ridings, at least, the revision would bring very small results. It is not likely that electors would be anxious to attend before a revising officer, because the election is far away, and the incentive for attendance is lacking. I do not believe many hon. members would be in favour of spending a huge sum of money upon a revision at this time. Were we to have a revision we would have to pay a high price for it, and probably get only small results.

The only reason, however, from the administrative point of view, which has governed the submission of the bill is that we are likely to have amendments to the electoral law before the end of the present session. The Minister of Justice (Mr. Lapointe) has pointed out—and his observations have been approved by many hon. members—that it is better to amend the electoral law at the first session of a new parliament than to wait until the closing session. I confidently expect that before the session is over a new electoral law may be considered. The necessity for moving this bill at this time is that, if circumstances had not been foreseen and some provision made, the printing bureau already would be printing forms for the next revision, and by April 1 notice would be given in the Canada Gazette by the dominion franchise officer to the different revising officers throughout the country to prepare for the revision. That is why I ask the house to pass this bill now as an emergency measure. It does not propose to deal with the situation at all in a full way; it is merely to prevent the pending revision taking place and pos-

sibly then coming into conflict with some new electoral law and some new form of preparation of the lists. I think the object of the bill is obvious, and I do not think I need say any more at the moment.

Hon. C. H. CAHAN (St. Lawrence-St. George): Having had experience for five years in dealing with the elections act and the franchise act, and in view of the proposed amendments to both these acts, I certainly agree with the hon. gentleman that the pending revision should be deferred.

Hon. H. A. STEWART (Leeds): Mr. Speaker, I rise not for the purpose of objection to the principle of this bill because as the government does not expect a general election in the next year I think it is quite proper that we should avoid the expense to the country at large and to the parties responsible for the revision of the list of an annual revision now. There is, however, one situation which I desire to bring to the attention of the government, and that is the possibility of a byelection being held. Under the provisions of the act as it now stands, the list that is in force will continue to be the list until another is prepared, and if revision is done away within the year 1936 there could not be another revision before 1937. It would not be complete until July 1, 1937, and then there would be the printing after that. If we had a byelection at any time within the next six months we would be voting on the line of the list that was made in the year 1935, and so I suggest that the government might well consider putting into this measure a section providing that in case of a byelection being held the governor in council would have power to authorize and direct a revision or an enumeration which would bring up to date the list in that electoral constituency. I think we will all agree that it is desirable that the electoral lists should be up to date, and in these days when people are moving about, particularly from city to city, a list a year old would be very much out of date. That is the only suggestion I have to make, that the government consider inserting in this bill a provision that in the case of a byelection being held the governor in council would have power to order a revision or an enumeration in the constituency concerned.

Mr. RINFRET: If my hon. friend will agree we might take up that point in committee.

Mr. STEWART: That is quite satisfactory, Mr. Speaker.

[Mr. Rinfret.]

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Annual revision of lists.

Mr. RINFRET: Mr. Chairman, I must say that I had foreseen the remarks that were made by the hon. member for Leeds (Mr. Stewart) because I took up that very question with the dominion franchise commissioner when we were preparing this bill. My hon. friend's point I think is well taken. I will agree with him as to that. Byelections, of course, are governed by section 18, which governs all elections, whether byelections or general elections. It reads as follows:

> The lists of electors which shall be made and certified pursuant to this part of this act shall be valid until revised lists, replacing and superseding them, shall have been made and certified pursuant to part III of this act.

My hon. friend is quite right when he says that if this act is passed and nothing further is done in the meantime, any byelection taking place this year will be held on the lists as they actually exist, but on the other hand it did not seem possible to include in this bill a provision such as he suggests unless we created entirely new machinery altogether, because the whole of part III of the bill is based upon the fact that notice is given on the first of April that certain things shall take place on certain dates, and the revision goes on in a certain fixed way. In other words, if we could foresee in advance what byelections are coming, we might say that these sections would apply only in the case of certain counties, but I may say that we have not found it possible to include in the bill a section which would make the act operative only in certain cases, and in order to cover the case of a byelection we would have to revise a long list of sections just to cover that eventuality.

As the government was confident that it might be possible to have a new act passed this session we thought we would in the meantime ask the house to pass this bill as it stands, merely for the purpose of stopping immediately the oncoming revision. I repeat that I see the point that has been made by my hon. friend. Perhaps we might agree that if the amendments to the electoral laws are not available this year, which is in the nature of a possibility, we might still before the end of this session find a way of meeting the special case my hon. friend mentions, but we have not considered the question of a single section foreseeing the eventuality of a byelection because, as I have pointed out, the

whole act is framed in a very definite way providing for annual revisions to take place at certain dates and under certain conditions. If the committee will agree to let the bill pass as it stands I will undertake to deal with the special case brought forward by my hon. friend.

Mr. STEWART: As I understand the situation, the proceedings in connection with the annual revision will not take place until April 1, which is more than a month away, so no expenditure would be incurred in the meantime. I have not looked into the matter perhaps as carefully as has the Secretary of State, but I am inclined to think it would not be difficult to draft a section or two or three sections which would in themselves provide for the contingency of byelections. We are facing one now. The Speaker announced to-night a vacancy in one of the constituencies, and that he had issued his writ.

Mr. RINFRET: That would be held under the old list.

Mr. STEWART: Exactly, and I think it is undesirable that an election should be held on a list that is a year old. It will be considerably more than a year old when the election is held. All our elections in recent years have been based upon a list that is brought thoroughly up to date through the medium of an enumeration. It seems to me that it could be provided that in case of a byelection enumerators should be appointed and that they should perform the duties set out in section so and so for the purpose of that byelection. I do not think there is any difficulty whatever in drafting an amendment to cover the point which we have in view, and which the Secretary of State admits is important and well taken. It seems to me that we might leave the bill in committee for a day or so until we see whether we cannot work out something of that kind. I do not want to delay the bill at all, and I do not want to cause the incurring of any expense which can be avoided, but the revision would not, in any event, start until April.

Mr. RINFRET: We have had for a number of years one or other of the systems of preparing lists, either that of preparing lists on the eve of an election at the last moment, or this system which provides for a fixed or permanent list revised once a year. I say again that it would require practically a new act to provide for byelections in the manner suggested by the hon. gentleman. I do not see how it would be possible to amend this act in that regard at all; we should have to repeal the whole of part III dealing with the preparation of lists and bring in a new bill altogether. And that might conflict with another measure which is likely to be presented to the house before we prorogue. I would point out that until July any by-election held would have to be staged on the lists as they are, because until that time the new lists would not have been printed, at least not until the first of July, which is the ultimate date of revision. The hon. gentleman's objection was foreseen and we came to the conclusion that the immediate urgency was merely to postpone revision, because there will be time later in the session to consider the question of providing for by-elections.

I have stated and I state again that even if this bill had not been on the order paper the printing bureau would be already printing for the revision and the entire machinery would be set in motion within a few weeks, and that is what we want to stop. We are asking the approval of the house of this bill, which we desire to send to the senate in time to prevent that machinery from being set in motion. Even if my hon. friend insisted on his point, I should still deem it necessary to have this bill passed, with an opportunity, if it were thought desirable, of introducing a bill dealing with byelections. In the meantime, however, I confidently trust that the committee will report this bill in time to make provision for an adequate electoral law during the present session. But if that were not done there would still be time to provide for a bill dealing with byelections.

My hon. friend has made another point, that unless what he suggests is done we shall not have revised lists until 1937. But that is the case under the present act, because the act as it stands at present provides for permanent lists. If we are to deal with by-elections, however, I should be in favour of introducing a bill providing for special revision on the eve of a byelection, but that would be different altogether from the one that now exists. I appreciate the fact that electoral laws are a matter of compromise, but I think we are justified in asking the house to dispose of this point, and we can still consider the question of meeting my hon. friend's views with regard to byelections.

Mr. STEWART: I do not want to seem to be pressing this matter unduly, but the Secretary of State is dealing with general elections rather than with the point I am raising with respect to byelections, and I think he must admit it is not desirable that even a byelection should be held on a list which is a year old. He speaks about introducing legislation aimed at changing the

whole of the act. That will probably not be introduced until near the end of the session; it is in many respects a contentious subject. In the meantime we might safeguard the situation; if we are to repeal the provision with respect to annual revision we really ought to make some provision with respect to byelections.

Mr. MacNICOL: I support the suggestion of the hon. member for Leeds. I listened to what the minister said with regard to by-elections, and perhaps I might make a few remarks with regard to a riding in Toronto in which there are approximately 60,000 people. On the lists upon which the election was held in October last I presume that out of that 60,000 there were 40,000 names listed. I am not sure, but that is an estimate. Of these, 9,000 families or persons had moved away. The election was in a riding in which there were a great many apartments; there are many university student rooming houses in the district. When the enumerators went through the riding and found that 9,000 families or persons had moved away, they did not strike the names off, so that when the election was held there were on the list 9,000 names of people who did not vote. On the same list approximately one per cent of the names represented those who had died and it was said that not less than 1,000 names appeared twice on the list, names of people who had moved from one part of the riding to another. A number of names were on the list three times and I heard of one name that appeared four times. The enumerators had gotten the names in the fall of 1934 and they got them again in April, May or June in 1935. In the meantime these people had moved but their names were kept on. If the revision were made immediately before a byelection in Toronto this spring I am of the opinion that it would be found that twenty-five per cent of the names on a list were names that should have been struck off either because the people had moved away, or because the names were repeated or because the voters had died.

Mr. POWER: May I point out that even if the present amendment were not introduced the inconveniences referred to by the two hon. members would exist. Under the act as it is now, without the amendment introduced by the Secretary of State, no new list can be ready until some time after the first of July, and it will be probably the first of August before it is printed. So that no matter what happened, the byelection now pending to which my hon. friend refers would be conducted under the law as it was passed in 1934 and on the list which came into effect on the first of July, 1935. No other list can come into effect until the first of July, 1936, unless some amendment is proposed in this house, so that what my hon. friends are asking for is an amendment to the act of 1934. They are asking for an amendment of that kind right now. The whole act is about to be revamped by the elections committee which will doubtless study the question whether the system of closed lists now in force, which entails the inconveniences that have been pointed out, shall continue to be the system to be followed, or whether it will be advisable in future to revert to the procedure followed under the 1930 act and the acts prior thereto, whereby a revision was made just after the writs were issued.

I understand that a large number of hon. members, having given the so-called closed list a trial and the fixed list a trial, desire to revert to the other system. That cannot be done without an amendment to the act, and what is being pressed to-night simply postpones the revision and leaves the way open for further discussion of the two methods of procedure, whether we are to have a closed list or an open list. I have not the slightest doubt that if the matter is pressed by the members and the committee makes due diligence it will be possible before the end of this session, and in plenty of time to meet the objections of my hon. friends—that is to say before July 1, 1936—to introduce some amendment whereby any election taking place after July 1, 1936, will be governed somewhat along the lines suggested by the hon. member for Leeds (Mr. Stewart) and the hon. member for Davenport (Mr. MacNicol). So that if this particular amendment passes now, the committee could get to work at once and lay down some system of procedure, even if it were only a preliminary or an emergency measure, which would be in effect for an election prior to the time that a new election act is introduced.

Mr. STEWART: I think if the act were left as it is there would be no complaint in connection with any byelection, because the list would not be too old. But when you come to amend the act and take away the only existing provision and make no provision for a byelection you are sure to have an old list. In the case of the byelection we have in mind I am sure the government would not fix the date of that byelection before July 1 if they felt that the act should remain exactly as it is, and the revision would be complete

by that time. But with this amendment they know perfectly well that there will be no revision; that the list will not be brought up to date even though they hold the byelection next fall. Six months may elapse from the date of the vacancy before they issue the writ, and if they took that time there would be under this amendment no new list, and be no revision of the list. Whereas if the act were left as it is, in due time there would be a new list, and the government could see to it that the byelection was held on the new list. On the other hand, if this amendment goes through, and no provision as suggested is made, they are depriving themselves of the power of holding a byelection on a list that is up to date.

Mr. LAPOINTE (Quebec East): As the case stands, any byelection prior to July next will have to be held under this act of 1935, whether we act on this bill or not. Would it solve the difficulty if I made this suggestion—after all, this session, I hope, is not going to last all summer—that when the end of the session comes in May or in June, and if it is apparent to everybody that there will be no change in the election law or in the franchise act as a result of the work of the committee that is going to sit, it would then be time enough to meet the objection of my hon. friends and have an act put upon the statutes to deal with any byelection which may take place after July 1 until next year? Would that solve the difficulty?

Mr. STEWART: If the Minister of Justice on behalf of the government would intimate that that will be done, that will be quite satisfactory to me.

Mr. LAPOINTE (Quebec East): I think I may ask the government to do it, if my hon. friend is satisfied.

Mr. MacNICOL: I hope the committee did not get the impression that I am opposed to the bill. I am not, and I am strongly in favour of a revision of the franchise act. All I want to be sure of is that this matter will be attended to in the event of a byelection being held in a city riding. I do not think my objections would have the same weight with regard to a byelection held in a rural riding in the next few months, because lists do not change in the latter with anything like the same rapidity that they do in a city riding. But if a byelection were held in Montreal or Toronto within a month or two, it would make a great deal of difference whether the lists were to be revised or not. That is all I had in mind.

Mr. POWER: What my hon. friend is asking is to throw into the discard the principle in the act of 1934 which he supported.

Mr. MacNICOL: My hon. friend was one of the most vigorous supporters in the House of Commons of the 1934 act.

Mr. POWER: Indeed I was not.

Mr. MacNICOL: Indeed you were. I concluded that the act was the act of the hon. member for Quebec South.

Mr. POWER: I think my hon. friend will remember that I had a good deal to do with the 1930 act, but in order to save the 1934 act from the pieces into which it was broken by his side, I endeavoured to help them out.

Mr. SPENCE: And you made a mess of it.

Mr. POWER: I did make it a little better than it would otherwise have been.

Section agreed to.

Bill reported, read the third time, and passed.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair,

DEPARTMENT OF EXTERNAL AFFAIRS

External Affairs—Washington—
Representation, including salaries and allowance for minister plenipotentiary, secretaries and staff, notwthstanding anything to the contrary in the Civil Service Act, or any of its amendments, $100,000.

Mr. BENNETT: May I ask the Prime Minister if there is any likelihood of an appointment being made at Washington in the near future?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The matter is under consideration. I cannot say to my right hon. friend just how soon an appointment will be made.

Item agreed to.

Miscellaneous—
Canada's contribution to the expenses of the international commission for air navigation for 1936, $1,650.

Mr. WOODSWORTH: Would the Prime Minister give us some indication as to the nature of this commission?

Mr. MACKENZIE KING: The international commission for air navigation was set up in 1919, and prior to the year 1934 the empire financial responsibility was carried wholly by the government of the united

kingdom. The various states are divided into five categories as regards the contribution to be paid, the classification being based chiefly upon the relative development of air service in each country. The commission collects information and establishes regulations regarding international air navigation. Our participation in the treaty establishing the commission was one of the grounds on which the privy council held that the control of air navigation in Canada fell within federal rather than provincial jurisdiction.

Item agreed to.

Expenses of wheat advisory committee for 1936, Canada's assessment, $1,955.

Mr. WOODSWORTH: May we know what was done by this advisory committee last year? Have the arrangements that were made some time ago fallen through, or what is the state of affairs to-day?

Mr. MACKENZIE KING: The wheat advisory committee was established by arrangement between the wheat exporting and importing countries under an agreement reached in London in August, 1933. The advisory committee was established to supervise the working out of the agreement. The committee is temporary in character and is composed of representatives of fifteen countries. The small secretariat of the wheat advisory committee, whose salaries and operating expenses account for most of the cost of its maintenance, provides the subscribing governments with periodic surveys of trends in wheat production and marketing conditions which have been of distinct value to the various agencies of government concerned with wheat. This function of furnishing accurate information about the international aspects of wheat marketing problems is quite separate from the committee's first assignment of watching over the working of the provisions of the wheat agreement which were intended to regulate exports and production of the wheat exporting countries. The total amount of the contribution in gold francs is 60,920. The contribution of Canada towards the expenses of the wheat advisory committee is 10,120 gold francs.

Mr. WOODSWORTH: Is there any agreement existing between the exporting nations to-day? The popular idea is that when the Argentine seemed to go back on certain agreements the matter was dropped.

Mr. MACKENZIE KING: The agreement expired last year.

[Mr. Mackenzie King.]

Mr. WOODSWORTH: If the work of this advisory committee is simply to secure information with regard to trends, is that work quite distinct from the work of that institution in Rome?

Mr. MACKENZIE KING: I understand that they work together.

Item agreed to.

Amount required to meet loss on exchange, subject to approval of the treasury board, $200,000.

Mr. BENNETT: This must cover all the operations of all the offices abroad?

Mr. MACKENZIE KING: Yes; they are all External Affairs matters.

Mr. HEAPS: Could we have a more detailed explanation from the Prime Minister?

Mr. MACKENZIE KING: As I understand the matter, there were certain contracts entered into on a gold basis, and where a country's currency is depreciated the depreciation has to be made up by an additional amount. This appropriation is to provide what is necessary for exchange purposes.

Mr. HEAPS: What were the original appropriations for?

Mr. MACKENZIE KING: Very largely for League of Nations affairs. At Geneva there is the office of the Canadian advisory officer, salaries and allowances, the contribution to the League of Nations and allowances to League of Nations delegates. At Paris there are the salaries and allowances for the legation. Then there are small amounts for the international commission on air navigation and the wheat advisory committee. There was paid from the exchange vote from April 1, 1935, to January 31, 1936, the sum of $181,489.59.

Mr. HEAPS: Does this item cover just one year's operations as far as our exchange is concerned?

Mr. MACKENZIE KING: Yes. Out of that total, $143,168.20 had relation to our contribution to the league.

Item agreed to.

Canada's portion of expenditure of the imperial economic committee and imperial shipping committee and the executive council of the imperial agricultural bureau for 1936, $18,690.

Mr. MacNICOL: May I ask what portion of this amount is for the imperial economic

committee, and whether it performs any work such as we had anticipated the lately abolished economic council in Canada would have performed?

Mr. MACKENZIE KING: This is chiefly in the nature of market intelligence services.

Item agreed to.

Advertising and publicity in the United Kingdom and Europe, $250,000.

Mr. WOODSWORTH: I think we should have some information as to how this very large sum is to be spent. Some years ago we had advertising for immigration purposes and trade and commerce expenditures along that line. What do we need this advertising for and just how is this amount spent?

Mr. BENNETT: As I understand the matter, this includes the sum total of all the expenditures of the various departments placed under the control of the high commissioner? Is this the item?

Mr. MACKENZIE KING: Yes; this is the item. I might give my hon. friend what was spent in 1935-36, in connection with advertising generally. It was practically all in connection with the selling of Canadian agricultural products:

Renewal of advertising contract with Canada's Weekly, £1,500.
Maple Leaf Tour of Canada, for trade journal advertising and printing, £450.
Services of Mr. James Spence, £300.
Advertising and publicity in connection with Canada shops, £2,000.
Contract with Service Newspapers, Limited, £1,620.
Advertising in the Journal of the Canadian Chamber of Commerce in Great Britain, £100.
Advertising on commercial van sides, £5,269 17s. 6d.
General press and trade paper advertising, £2,000.
General poster and outdoor advertising, £2,000.
Contract with the Imperial Review published by Mr. Theo. Feilden, £300.
Contract with the Empire Homemakers' Institute, £400.
Artists' fees for sketches, drawings, etc., £100.
Printed matter, £1,000.
Salaries of temporary staff not taking into consideration the contingency of a restoration of 5 per cent, £648 11s.
Sundry items of expenditure paid in London, £4,000.
Salaries and allowances for permanent staff i.e. D. G. Gerahty and D. G. Keith, not taking into consideration the restoration of 5 per cent, £1,523.
Electric sign in Trafalgar square, £5,460.
Electric sign at Mersey Side, Liverpool, £2,400.
Theatre lantern slide advertising, £1,200.
Omnibus and tram car transparency advertising, £1,060.
Theatre program advertising, £1,846.
Mounting window bills and advertising matter for distribution to the retail trade, £1,000.
Cardboard maple leaf display stands as centrepieces for retail windows, £921 17s. 6d.
Miscellaneous expenditure, Ottawa, $500.
Advertising campaign for Canadian bacon, £1,250.
Providing six travelling scholarships in connection with the Maple Leaf Tour, £500.
Payment to the Imperial Institute for the servicing of Canadian films, £200.
Omnibus, tram car and commercial van side advertising (for the six months from September, 1935, to February, 1936), £4,200.
Advertising in connection with Utrecht fair, £300.
Advertising and publicity in connection with the Imperial fruit show, Cardiff, £400.
Contribution to the Fruit Trades' Federation, £300.
Advertising in connection with the British Industries fair, £1,000.
Advertising in connection with the Lyons fair, £300.

Mr. WOODSWORTH: This seems to me a very heavy expenditure that brings very little back to Canada. It is a hand-out to a number of people and journals in Great Britain. I think the government ought to consider very carefully whether, in view of other needed expenditures in this country, it is necessary to carry on such an extensive advertising campaign.

Then there is another matter. It is several years since I have been in Great Britain, but I found then—and I think the same thing obtains now—that we have provincial offices scattered throughout London—

Mr. BENNETT: Not so many now.

Mr. WOODSWORTH: Has any serious effort ever been made to concentrate all our publicity? There is no good reason why if each province wants to advertise its own particular lines of goods, we should not concentrate in some way and save the duplication of expenditure.

Mr. MACKENZIE KING: There has been some saving quite recently. The Ontario office has been closed, and Nova Scotia—

Mr. BENNETT: And I think New Brunswick.

Mr. MACKENZIE KING: I think my right hon. friend is right. A couple of offices have been closed. One feature that has to be kept in mind is the fact that the other dominions do this advertising on a very extensive scale; Australia, New Zealand, South Africa are all advertising in similar ways, and if Canada drops out of the field there is the risk of losing what trade comes as a result of advertising I agree, however, that the matter cannot be too carefully supervised.

Mr. ROSS (Moose Jaw): I take an entirely different view from that of the hon. member for Winnipeg North Centre (Mr. Woodsworth). I do not think this item is too high; I think it is about one-tenth of what it should be.

An hon. MEMBER: From what source are you going to shovel up the money?

Mr. ROSS (Moose Jaw): If we are going to sell our products we must advertise them properly in the old country.

Mr. McLEAN (Melfort): They do not want to sell, they say that there is no market.

Mr. ROSS (Moose Jaw): That is a wrong attitude. As far as advertising agricultural products is concerned we are about twenty-five years behind the times. Every other industry in this country has gone out to create a demand for the commodities they have to sell; in regard to agricultural products we have not done that to the extent we should. If that work can be done in a more extensive way and we can get a proper return for our money, I think this item ought to be increased instead of cut down.

Mr. HEAPS: I listened attentively to the Prime Minister as he gave the various items which comprise this sum of nearly $250,000. As the items were read I was considering what value is obtained for the amounts specified, and I cannot help thinking that a large part of this sum is being absolutely wasted. I have no objection to spending money for proper and fruitful advertising, but the question is whether the money spent in the manner shown is going to bring the results we ought to get for the very large expenditure. I am satisfied from a number of visits I have paid to the old country during recent years that we are not receiving the best value for the money. I should like the Prime Minister or the department responsible for this expenditure to scrutinize it very carefully. When I see about £5,000 for an electric sign in Trafalgar square, where we have Canada house—

Mr. MACKENZIE KING: May I relieve my hon. friend's mind at once in regard to that sign? It has been discontinued.

Mr. HEAPS: I am satisfied that there are other items also where economy could be effected. Some of the journals mentioned are read by hardly anyone. They are like some of the newspapers sent to members of the house; they just come and get the advertising, but the circulation is very small. It is rather unusual for us in this corner to be impressing upon the government the necessity of economy, but on this occasion we cannot help doing so, because when money is being spent we want to see that we get the best possible value. I think that if the Prime Minister would obtain details of the circulation of some of those papers it would clearly appear that there are better ways of spending this money than those that have been indicated this evening.

Item agreed to.

To provide for the expenses of the reference by the governments of Canada and the United States of certain complaints arising out of the operation of the smelter at Trail, B.C., to the tribunal constituted pursuant to the provisions of the convention signed at Ottawa the 15th April, 1935, $25,000.

Mr. BENNETT: It might be well to indicate to the committee that this money is merely being advanced by the government and will be repaid by the people interested. I suppose that is so?

Mr. MACKENZIE KING: That is right.

Item agreed to.

Civil government—Office of the Prime Minister—Salaries, $41,901.

Mr. HEAPS: I notice an increase in this item. Perhaps the Prime Minister could explain the reason for the increase.

Mr. MACKENZIE KING: There is an increase of $13,271. May I say that $10,000 of this amount is to enable the office to be organized in a more businesslike manner than obtains at the moment. It is for purposes of administration. May I repeat what I said a year or two ago, namely, that a Prime Minister goes into his office with but one or two secretaries; he is not in the position of other ministers of the crown who enter well organized departments, headed by a deputy minister, and supplied with secretaries of the department and staff as well as personal secretaries. He may find a few stenographic clerks in the office of the Prime Minister, but for the whole administration of his office he is practically dependent upon the services of two or three private secretaries.

I believe my right hon. friend opposite will agree that it is really impossible to carry on the business of the Prime Minister's office without more adequate and effective administrative machinery. Above all else it seems to me what is really needed is effective co-ordination of the work through the instrumentality of a high grade official who would occupy in the Prime Minister's office a posi-

tion very similar to that of deputy minister in the offices of other ministers. I need not point out that for years past, in addition to the work of his own office, the Prime Minister has been president of the privy council and responsible for the work of the office of the privy council and also for that of the Department of External Affairs, he being as well Secretary of State for External Affairs. The result is that these three offices continuously make their demands upon his time. In addition, the Prime Minister has his duties in parliament, and duties connected therewith. Hon. members know how considerable is the time which he must necessarily give to the work of parliament apart altogether from departmental duties, and obligations as the leader of a political party as well as those of Prime Minister apart altogether from parliament. There is need of some one or more persons in the nature of liaison officers to effect contacts between different departments of government and the Prime Minister as well as between parliament and the Prime Minister. These functions cannot be performed by private secretaries who have other equally important duties. I imagine the amount of correspondence to be dealt with and the number of interviews are far beyond the imagination of most hon. members. The work of correspondence alone has come now to where it has to be organized almost as a separate department of government. Perhaps my right hon. friend opposite would give the committee some indication of what he knows has to be accomplished. I must say to hon. members it will be impossible at all satisfactorily to carry on public work unless the Prime Minister can be supplied with efficient help.

Yesterday we had before us a bill for the appointment of an economic council to advise the Prime Minister. When in opposition I took the stand that an economic council was not what was required in association with the Prime Minister's office; I said that what he required was the services of two or three highly trained experts who could be helpful in preparing material on economic and financial questions, whose services he could command and who could supply him with necessary data when he had to consider any particular subject either for discussion in parliament or in connection with matters of a departmental nature. That I believe is very necessary. This vote is intended to enable a prime minister to retain the services of expert persons to assist in the work of the office. In a general way I believe I have described its purpose.

Mr. BENNETT: I do not think any language the Prime Minister can use would be an exaggeration of the condition to which he has referred. I am not certain, but I think he will find that in the five years he has been away the correspondence in the office has doubled. I think that is not too strong a statement to make; in times of depression, particularly, that is true. I can only say that I should think it questionable whether the sum was sufficient for the purposes required. There is not any doubt in the world that whoever happens to be Prime Minister in these days, and is at the same time Secretary of State for External Affairs, as the statute requires, and president of the privy council, which it does not require, but which the Prime Minister more or less should be, in order that he may be familiar with what goes on in the various departments of the public service, has no time for reflection and little or no time to consider carefully, as he should, matters affecting large problems of policy. He must go continuously from one thing to another, without having any opportunity to pause and rest, or even to meditate, except the opportunity he may have as he talks to himself walking up the hill, and has a meeting of the cabinet as it were, or something of that kind. Under those circumstances of course the situation is entirely different. However, apart from such cabinet meetings he gets very little opportunity. I assume that possibly the question of under secretaries and other matters enters into this. It may be that the amount is not adequate for the purposes intended. If the country expects any man to serve it as faithfully as one holding the position of prime minister ought to do, he should be provided with the instrumentalities to enable him to do so. Certainly they have not existed to the extent all of us would like, because of the general view held by the public that there is no necessity to spend money in the office, and that there are enough people around there to look after the job, and all that sort of thing, without pausing for a moment to realize just what is involved.

I congratulate the first minister upon having in the estimates a provision which I hope will have the effect he suggests it will, namely, that of coordinating the efforts of the three departments over which at the present moment the Prime Minister presides. One of my colleagues has suggested that it is his view that it would be in the public interest, in the long run, if the offices of Prime Minister and Secretary of State for External Affairs were separated. On the

other hand, as it now reads the statute provides that, for reasons that are obvious, the Secretary of State for External Affairs shall be the Prime Minister. I believe that was the view accepted by all overseas dominions, and I think the reasons are quite apparent to all. I assure the committee that from my observations this amount will not be more than adequate to enable sufficient assistance to be provided the Prime Minister in order that he may properly discharge the very onerous duties of his office.

If I may refer to the fact, may I say that with respect to the economic council there seemed to be an entire misunderstanding in what was said last evening. It was intended that the Prime Minister, by referring matters to the economic council, might receive reports which would enable him, after examination, to determine the best course of action to follow. In no sense could the council be said to be set up to take the place of cabinet ministers. They, with the Prime Minister, must take the final action upon questions affecting matters of policy. The council were only to provide information to enable the ministers to determine what action should be taken.

Mr. MACKENZIE KING: May I thank my right hon. friend for his kindness in giving the committee the information he has with respect to what he knows so well to be the work of the office of the Prime Minister, combined with the other offices he has mentioned. May I say to him that his observations about correspondence, and the work in connection therewith having doubled since I was in office five years ago, are perfectly true. Not only has the correspondence more than doubled, but the intricacy of the questions which have to be dealt with has increased to a degree that I had not believed possible. I must say that in three directions in particular I notice a tremendous increase in the volume of work. One has already been mentioned by the former Prime Minister, the exacting and trying work that arises out of a period of depression. The load in that regard falls very very heavily on a Prime Minister's back. Appeals in this connection are made direct to him from a multitude of directions, and he is responsible for discussing with his colleagues all phases of legislation in connection therewith.

Another question concerning which there has been a great increase in correspondence, and great difficulty in dealing with it, is the whole subject of trade. These communications come directly to the Prime Minister's office in a way they never did formerly.

[Mr. Bennett.]

Mr. BENNETT: I guess it is a habit they got from the time I was Minister of Finance.

Mr. MACKENZIE KING: I am afraid that a number of departments have got into the habit of waiting for some word from the Prime Minister. I have not said anything about the matter, but there is no doubt about that.

Mr. BENNETT: The willing horse.

Mr. MACKENZIE KING: Much has been said about economic nationalism as it obtains in different countries of the world. That wretched policy has done more I think to add cares and worry to government departments than has all the mass of other things put together because it raises endless questions of the effects of quotas, restrictions, and the like, which are an entirely new phenomenon. At any rate they did not present themselves when I occupied the office of Prime Minister previously. To-day in a multitude of directions correspondence arises from them. They serve to beget endless friction and to arouse all kinds of antagonisms, the effects of these find their way sooner or later to the Prime Minister's office.

Mr. HEAPS: Get rid of them.

Mr. MACKENZIE KING: They cannot, I believe, be got rid of too quickly, but to rid the world of them will require time. The world has changed and countries, too, in their relations with each other, and these changes have to be taken into account.

The third change, and perhaps the most serious of all, is the extent to which the time of the Prime Minister, acting more particularly as Secretary of State for External Affairs, is taken up with all important External Affairs matters. I need only mention the correspondence that has come in during the last few months from Geneva, and from London; the correspondence that has developed with respect to the situation as it is in Europe. Whether one were himself Secretary of State for External Affairs or whether that portfolio were held by a separate member of the cabinet, I do not see how the Prime Minister could escape having to go through the despatches which deal with foreign affairs in a world of the character in which we live to-day. I notice there, as well, a tremendous change. Our country is being drawn into international situations to a degree that I myself think is alarming. That is something to which I hope, as we go along, we shall get a chance to give much more thought and attention.

Personally nothing would please me more than to have one of my colleagues administer the Department of External Affairs as a sepa-

rate department of government, and leave me with the office of Prime Minister and President of the Privy Council. When, however, I have discussed the question with my colleagues, and when I have thought it over myself, it really has seemed that in the long run less difficulty and possible confusion would arise and less time be lost if for a while at least matters were to be carried on as they are. However, so to do will require giving to the Prime Minister the right to obtain from time to time the services of men who have expert knowledge of these questions. What I should say, the public does not appreciate, were I for a moment to think that there could be any criticism of expenditure on this score, is the extent to which the class of questions which governments and parliaments are called upon to deal with to-day, and which the Prime Minister has to deal with, in larger variety perhaps than any other of the ministers, demands special training, knowledge and study. They are not matters on which a private secretary can be expected to inform or advise his chief. They are matters that require careful thought and study and sound and sure advice. The additional amount that has been asked for and which the committee seems prepared to grant in a ready way, is for the purpose of making it possible to obtain from time to time this sort of assistance.

Mr. BENNETT: I just wish to say one word, Mr. Chairman. I do not know any method by which the Prime Minister can escape from reading the dispatches which come to the office of external affairs. I remember Mr. MacDonald telling me that he frequently had to sit up until the early hours of the morning to read the dispatches from the foreign office, for he said it was a rule that he had made, and which he believed his predecessors had followed, that the Prime Minister should read every dispatch that came through the foreign office. Great Britain sends to us cables with respect to matters that affect the welfare of the overseas dominions and even with respect to matters in which they might be only indirectly interested. The result is that when they are decoded and prepared for submission to whoever happens to be minister for external affairs it takes a long time to read them, and one has to discuss them with his colleagues. It frequently happens that two or three matters all of first rate importance come to the attention of the minister in a single day. How on earth a man is going to be able to carry on the burden of first minister when he has at the same time to keep in his mind everything affecting questions raised by cablegrams from various parts of the world, I do not know. For instance, this very Japanese situation which has arisen in the last few days has no doubt resulted in the receipt of cables from London on the one hand, and from Tokyo on the other, and one has to make up one's mind on these matters. It is true that the permanent officials of the department are excellently qualified for the positions which they occupy. One hesitates to say this in the presence of the under-Secretary, but he has had wide experience and an excellent training, and he brings to bear on all these questions an understanding which would not be that of the average man. Nevertheless the fact remains that he is overworked.

Mr. MACKENZIE KING: Hear, hear.

Mr. BENNETT: How it is possible to carry on that office without extra assistance, I do not know, and I doubt very much whether the sum mentioned will get the expert opinion or advice that the Prime Minister should receive from time to time. Compare conditions to-day with what they were not so very long ago. For instance, in Lord Salisbury's time he used to write very important dispatches with his own hand. It is recorded that the dispatch that was written on the Behring sea matter to Mr. Blaine was written in Lord Salisbury's own hand. He used to write his dispatches at Hatfield over the week-end. Lord Curzon also wrote some of his dispatches.

In these days the system is a very simple one. When a dispatch reaches the minister for foreign affairs it has passed through the hands of highly trained men; in fact, they know much more about the subject, apart altogether from questions of policy, than does their chief. We have not yet developed in this country that reservoir of highly qualified men such as they have in a country like Great Britain. For instance, when they set up their tariff board they simply had to select this man, that man and another man, and they got the most highly trained and the most efficient men in the kingdom. We have not yet done that in this country, and I have always felt that the rewards in mere money are not at all adequate for the services rendered. That was one of the reasons I always had in mind why there should be some other reward than that of mere money. People sometimes speak of it as honours or recognition of merit, but it becomes a very powerful factor in determining the action of permanent public officials. The late Mr. Kipling pointed that out in one of his stories. He pointed out that very frequently in India

the struggle between whether it should be a C.I.E. or a C.S.I. had much to do with the zeal and determination with which men threw themselves into their work. That looks like a very small thing, but the fact is that if we are to get that kind of trained public servants who will make a career of their work as they do in Great Britain, we have in every sense to magnify the importance of their position and give them every possible support, attracting, by salaries that are at least in some sense adequate, the best possible men that may be available for that purpose. A new country finds it difficult sometimes to understand that, but it is money well spent, and even in times of depression you have to pay men fairly well or they leave the service and are taken into private enterprise. That has happened and I suppose will continue to happen. It has happened occasionally in Great Britain; it has happened here and will happen in other countries. But certainly, in the office of Prime Minister, I cannot too strongly suggest to the committee that some provision must be made that will enable whoever is there to have at least a little freedom from toil, for meditation and thought, with the assurance that the work will not be neglected and that the best possible brain is giving its attention to providing a solution of the particular problems with which a Prime Minister has to deal.

Mr. MACKENZIE KING: I cannot allow what my right hon. friend has just said to go by without expressing to him my very warm appreciation for having stated what he alone can say with more authority perhaps than anyone else in the house. What I should like to point out to hon. members, because we are considering this matter now in its many aspects, is this: Hon. members see a Prime Minister in the house; they see that he has to be here practically every afternoon and evening, or at least somewhere about the buildings. They forget, however, that the time thus spent does not represent his work at all; his work has to be done apart from the time he spends in the House of Commons in the afternoon and at night. Members perhaps forget that a meeting of the cabinet has to be held every day, and that Saturdays, which are more or less free days to others, are really the only days on which the cabinet can find opportunity for maturing policies, reviewing legislation and the like. These many demands leave only the forenoons for the Prime Minister to do the real work of his office, and departments for which he is responsible, the class of work to which the leader of the opposition has just referred. Unless a man in the responsible position of Prime Minister can have at his side those on whose ability he can completely rely, he cannot begin to do his duty either to the House of Commons or to the country. I thank my right hon. friend again for his assistance in helping to have this understood.

Mr. WOODSWORTH: As one who a few minutes ago urged that some of the advertising abroad be cut down, may I say that I heartily appreciate the position as outlined by the Prime Minister and the leader of the opposition. As a private member, I do not think that the office can be too fully organized or that we can take too great pains in securing a large number of trained men for positions of this character. I have sometimes thought that the Department of External Affairs, in the last year or two, has been called upon altogether too much to do all sorts of odd jobs, as for example on various commissions. We ought to have a very much larger number of men with wide economic training who would be capable of handling economic and international affairs.

Mr. MACKENZIE KING: I thank my hon. friend for what he has just said.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Entomology, including investigations and inspections relating to destructive insects and pests, $400,100.

Mr. BENNETT: The hon. gentlemen who were going to discuss this matter are nct here to-night. It is one regarding which they are particularly desirous to have information. I think the item might stand.

Item stands.

Publicity and extension, $70,400.

Mr. MacNICOL: What is the reason for the increase?

Hon. J. G. GARDINER (Minister of Agriculture): The increase is due to transfers that have been made from other branches. When we were going through other branches, particularly experimental farms, we referred to a matter of $19,000 representing a transfer from that branch in connection with publicity. The transfers are these:

From experimental branch, $19,088.
From dairy branch, $2,040.
From live stock branch, $10,000.
From entomological branch, $1,000.
From fruit branch, $3,500.
From health of animals branch, $100.

This makes up a total of $35,728, which is the greater part of the increase.

Mr. BENNETT: What is the publicity of this department? I confess that during my little experience I found it difficult to ascertain how every department could have a publicity bureau of its own, and I could never find out why it was not possible to correlate the efforts and direct them under one head as is now done with our advertising in Great Britain. That is all I desire to say.

Mr. GARDINER: The publicity of the department is largely a matter of getting out publications that indicate to farmers in different parts of Canada what is being done in these various branches. Periodicals are sent here and there throughout Canada giving information with regard to the findings of the different branches in their research work and in other connections.

Mr. BENNETT: The real difficulty which I found—and I was not able in the limited time at my disposal to deal with it, for the reasons I have given—was the competition between departments to secure information and give it to the public. The competition between the bureau of statistics, for instance, and the Department of National Revenue with respect to what the revenue was for the preceding month is always, to me, rather interesting. It is really a difference between Trade and Commerce on the one hand and National Revenue on the other, and the minister knows better than I the difficulties in connection with the competition between the Department of Agriculture and the Department of Trade and Commerce. When I saw the increase in this item I wondered why there should be an increase in publicity and extension, because the mere increase in the publication of reports simply means the waste in many instances of additional sums for paper and ink, because the extent to which they are read is, I am sorry to say, very limited.

Mr. SPENCE: Not read at all.

Mr. BENNETT: Well, there is in every country, in almost every community, somebody who is interested, as the Minister has said, in reading these reports. But the indiscriminate circulation of them was limited a few years ago by reason of action taken by the departments themselves. The real difficulty I have is in ascertaining just why there should be an increase in the item.

Mr. WOODSWORTH: There is one other aspect of it upon which perhaps the minister could give us some light. I have often wondered why there could not be a little closer cooperation between the dominion department and the provincial departments. It does seem as though the provincial authorities are much nearer the ordinary farmers and ought to be able to undertake a great deal of the distribution end of these matters. There is a vast amount of duplication. I should like to ask the minister if there is any possibility of closer coordination.

Mr. GARDINER: I can speak only from experience in one province. In so far as publicity in that province is concerned it is cut down to the very lowest possible cost at the present time. There is very little going out in the way of printing from the agriculture department of that province, and I think that is true of at least most of the western provinces. The department here and those provincial departments have been working in the closest possible cooperation. Much of the information that is gathered by this department the provincial departments could not possibly gather and therefore could not possibly distribute. As regards anything having to do with matters of trade in other countries, we get the information, some of it through the Department of Trade and Commerce, some of it through our own officials. That information naturally goes out through our department. Other information, with regard to wheat, for example, which is handled through the Department of Trade and Commerce, goes out to a large extent through that department, as was suggested by the leader of the opposition. But there is a considerable part of it that has to go out through the agriculture department, because it is information which is contained only there.

I can understand the criticism that there is some overlapping, and the further criticism that many of these periodicals are not read. For the twenty or more years that I have been in public life these periodicals have been sent to me automatically, and I must say that many of them I have not read; I did not have the time to read them. But there are people in every community who do read one or another of these periodicals, and whenever a farmers' gathering is held, while perhaps nine out of ten of the people who are there have never read them and have never seen them, one individual may and on many occasions does get up and give the information to those who are present, and they get it sometimes in spite of themselves. The department has to distribute a certain amount of this information to people who will read it. In doing so no doubt they distribute some of it to persons who make very little use of it. I do not know of any way by which you can really overcome the difficulty in connection with that if we are going to have the information distributed at all.

Mr. STEWART: Are there any new features in the publicity program for this year as compared with past years? Is the minister considering any new methods of advertising or publicity?

Mr. GARDINER: The only new developments are a sort of consolidation of the exhibits that are made in connection with fairs and exhibitions here and there, which is under this branch. Then a certain amount of work is being developed in connection with giving information over the radio; that will require some extension. We have also in mind to do a greater amount of work in connection with the promotion of marketing. I am hopeful, as minister, that we can develop in the department a greater degree of publicity which will be effective in keeping our agricultural products before the public, not only inside Canada but probably outside Canada. Some publicity along that line will be carried on.

Mr. STEWART: I should say it is very necessary. Anything that is calculated to promote in these difficult times the sale of agricultural products at home or abroad is very desirable indeed. I was wondering whether in connection with cooperative marketing or the Natural Products Marketing Act any additional expense is involved in any extension of the services. Also, is there any revenue from publications by departments which charge something for certain pamphlets?

Mr. GARDINER: There is very little revenue. There is the odd publication from which a small amount of revenue is obtained, but all the farmers' publications are distributed free.

Mr. STEWART: Under the Natural Products Marketing Act is there anything in this vote calculated to assist in promoting the work of that board and the disposition of products under that act?

Mr. GARDINER: There is another item, under "miscellaneous," dealing with the marketing act. I had hoped to be able to discuss that when we reach that item.

Mr. STEWART: I mean publicity in connection with the act rather than the working of the act itself. Is anything to be spent under this vote in familiarizing the public with the meaning and the purpose of the schemes in connection with the act?

Mr. GARDINER: No, not in this vote, and I may say that there is very little possibility of doing much until we get the decision of the supreme court. It is rather difficult to promote a thing when you hardly know at the moment what position it is in legally.

Mr. GRAYDON: To what extent is radio used in advancing the publicity of the department?

Mr. GARDINER: There is very little cost in connection with radio work. It is done through the radio commission and no charge is made to the department for the use of the radio; the only cost is for preparation of the material that is used, but costs in connection with radio work are not great.

Mr. STIRLING: In the various districts there is a certain amount of broadcasting done, is there not, that does not come under the commission? There is in my part of the country.

Mr. GARDINER: There is some local station work in connection with the branch farms.

Mr. GRAYDON: May I ask the minister again whether, in view of the fact that there is little or no expense in connection with radio broadcasting of the activities of the department, the radio could not be used more extensively for the stimulation of markets for farm products in the dominion?

Mr. GARDINER: I think that suggestion is worthy of consideration. I am informed by officials of the department that there is a limit to the extent to which the radio can be used effectively.

Mr. MacNICOL: I have in mind what the minister said about external advertising. I was wondering whether his department is cooperating with the Department of External Affairs, because the Prime Minister, speaking a short time ago with reference to the item in his department in connection with advertising in London, said that part of the appropriation is for advertising the farm products of Canada. Are there two departments advertising Canadian farm products, I mean externally?

Mr. GARDINER: I was speaking, of course, of the marketing end of the advertising, in connection with something we have in mind for the future rather than what has taken place in the past. There has not been very much advertising done by the Department of Agriculture as such; most of the work in connection with the promotion of the sale of our products has been done by the Department of Trade and Commerce. I am not familiar with the amount that may have been done under External Affairs.

Mr. LENNARD: Could the minister give me the distribution of publicity in each province?

Mr. GARDINER: I have not the distribution by provinces.

Item agreed to.

Farm economics, including agricultural cooperative marketing, $38,400.

Miss MACPHAIL: I should like to ask the minister in what way the government encourage cooperative marketing. I am very glad to see that they do it, but how is it done?

Mr. GARDINER: The economics branch was set up under Doctor Booth, who has had a rather wide experience in connection with cooperative work. I think he was first trained in the Department of Agriculture of Saskatchewan and later spent some time in Washington with the American organization carrying on that work. I believe he is in every way fully qualified to deal with cooperative activities. The branch gathers all the information it can from both inside and outside Canada with regard to cooperative activities, and that information is made available to persons interested in forming cooperative organizations. Men from this branch go out and assist in the formation of cooperative organizations, giving information verbally and otherwise as to how organizations can best be set up, and making available the experience they have had elsewhere in connection with cooperative work.

Miss MACPHAIL: I appreciate what the minister has said, and I would not want him to think I was criticizing the vote or the idea of setting up a branch to take care of cooperative marketing. I quite believe that Doctor Booth is an expert in this work. I was just wondering if the Department of Agriculture contemplates pushing this work more in the future than has been the case in the past, without waiting for requests, by attempting to interest people in the cooperative marketing of farm products as, during the years, the department has attempted to interest farmers in better production methods.

Mr. GARDINER: I am not just familiar with the extent to which this work has been pushed, or whether the information has been given out only when asked for or otherwise. Knowing Doctor Booth as I do, however, I am quite sure that he has been as active as the funds at his disposal have permitted in promoting cooperative activities. He always has been a very strong advocate of them, and he comes from a part of the country where cooperative organizations have always been considered as moves in the right direction.

Miss MACPHAIL: What part is that?

Mr. GARDINER: The central west.

Item agreed to.

Contributions to empire bureaux, $21,535.

Mr. BEAUBIER: Could we have some explanation of this item?

Mr. GARDINER: These empire bureaux are a group of organizations in Scotland and England that collect and disseminate the results of all the research work carried on in different parts of the empire and in other places, and all the countries that benefit from that work make grants by way of assistance in order that the work of these bureaux may be maintained. This sum is for the purpose of contributing towards the work of the bureaux, including the distribution of information from the bureaux and so on.

Item agreed to.

Advisory committee on agricultural services, travelling expenses, et cetera, $5,000.

Mr. BARBER: Is this a local committee?

Mr. GARDINER: This is to provide expense money in order to carry on the work where provincial and federal committees get together for the purpose of trying to eliminate overlapping in departments.

Item agreed to.

Dairying, $256,000.

Mr. ROWE (Dufferin): The minister might let this item stand. A number of members are interested in this matter, and I think the minister has been quite fortunate in getting his estimates through so rapidly at this stage of the session. I know many members who are not here to-night are very much interested in this matter, so I wonder if the minister would not let the item stand.

Mr. GARDINER: I shall be very glad to do that.

Item stands.

Subsidies for cold storage warehouses under the Cold Storage Act, $39,506.39.

Mr. STIRLING: Does this large decrease mean that the government has changed the policy with regard to assistance to cold storage warehouses?

Mr. GARDINER: No; there has been no change in the policy. This covers all the commitments that we know about at the present time.

Mr. STIRLING: Then it follows that it will not be of much use for any districts to make application for further assistance this year.

Mr. GARDINER: That has been done in other years by way of supplementary estimates, and all applications will be considered on their merits as they come in.

Miss MACPHAIL: I wish to discuss the grading of eggs. It is not possible to do so this evening. If I can discuss it under the dairying item, all right; if not I should like this item to stand. It is hard to tell where it comes in.

Mr. GARDINER: It really comes under live stock, and that was passed some days ago.

Miss MACPHAIL: I asked the chairman and he thought it might come under item 39.

Mr. GARDINER: I have no objection to the discussion of it under that item. Does the hon. member wish it to stand?

Miss MACPHAIL: I would like it to stand.

Item stands.

Seed, feed and fertilizer control, including grants to seed fairs, et cetera, also grant of $18,900 to Canadian Seed Growers' Association, $407,200.

Mr. BENNETT: I recall that strong opposition was taken to the grant of $18,900. There were discussions which seemed to indicate that it might become unnecessary. Will the hon. gentleman give an explanation concerning it as it now stands?

Mr. GARDINER: I know only of the operations of the Canadian Seed Growers' Association under local organizations in our own province. We have always considered these organizations very valuable.

Mr. BENNETT: What is this grant for?

Mr. GARDINER: It is a grant to this organization. The grant goes to the central office and is expended from there. We have not the particulars here in regard to the distribution of it.

Mr. BENNETT: It was suggested that this is an item for which there is no real reason. I think it was suggested that some inquiry should be made into it, and for that reason I should like to know just what it is.

Mr. GARDINER: The work of the association as I know it is a work that the department could scarcely carry on. The organization consists of men who for certain reasons are particularly adapted for this kind of work. They meet from time to time and discuss the possibility of certain seed developments. They use registered seed on their own farms and give particular attention to the production of the very best quality of seed and to keeping that seed clean and pure and having it properly distributed throughout the areas in which they work, as well as other parts of the province as well. Men of this type should be encouraged in carrying on high class seed production. For example I received a letter the other day from one of them whom I know to be very active in Saskatchewan. He wrote protesting about the distribution of a certain variety of wheat said to be rust resistant. I made inquiry in the department, got what information I could, and knowing the man as I do I was satisfied that the information he gave me could not be overlooked. I wrote back for further particulars and he sent a sample of the wheat about which he was complaining. One had only to look at the sample to know that there was reason for his complaint. He was interested in seeing that nothing happens to the wheat crop in western Canada that would be detrimental to the farmers as a whole, and he had the idea that if this wheat were distributed over western Canada and sold in a large way it might in the end be very detrimental to the whole crop. I think we should spend at least this amount in promoting seed production work among farmers.

Mr. BENNETT: The question was not as to the amount. What was spent last year for this item?

Mr. GARDINER: It was $17,010. There is approximately a five per cent increase this year.

Mr. BENNETT: I know nothing about this except the opposition that was urged to the grant in some quarters. It was contended that it meant nothing more or less than payment of money to men who are making large sums out of the sale of their seed; that they are charging very high prices for certified pure seed, and also being compensated for it by the government. Naturally I have no means now of checking this up departmentally, so I am asking for the information. Personally I have no view about the matter; it is just what was represented to me. But that complaint was made very vigorously, that the only effect of paying this money is to hand it to men who are already getting high prices for their seed. I made the inquiry purely for information.

Mr. GARDINER: I understand that there are about 1,600 of these growers. Of course 1,600 growers would not draw any considerable amount individually out of this. The amount

that was obtained in Saskatchewan last year by these men for their seed was fifteen cents a bushel above the market price of wheat, which is not a very considerable amount, or anything that I think anyone would complain about. I believe any farmer would prefer to buy that kind of seed from men with a reputation that most of these men have for the production of good seed, rather than pay the market price for seed of which they knew little or nothing.

Mr. BENNETT: The explanation given by the minister would seem to be reasonable. I was just asking my colleagues if they could tell who it was who raised the issue. I recall making a mental note to try to ascertain the facts. I think the hon. member who raised the question is not at present in the chamber. At that time I believe he sat to the left of the Speaker, and I was much taken with what he said. It seemed to imply that this is really a little gift handed out to men who are getting an increased price for their seed. I believe I was told much the same as the minister has now told us, but I wanted to know if the matter had been considered. I think the explanation given is not unreasonable.

Mr. McLEAN (Melfort): There are many men in the west who have taken high honours for producing high class seed. Very few of these men have made much money for themselves at that work. Just a little while ago the review board of Saskatchewan was meeting in Saskatoon and one of the most prominent of these seed growers, one who had taken many honours, came before them hopelessly involved because he was not able to make enough on his farming operations to carry on. There are many such men in the different provinces, and I do not think any of them have made much out of the high class seed they have produced. The price at times does seem high to farmers who have to buy the seed, but if we take into consideration the amount of work, the care in growing and cleaning and keeping the seed separate and all that kind of thing, as well as the cost of buying seed originally, the net results are not very large. But these men take pride in their work and pleasure in carrying on that type of seed selection and reproduction, and they keep on doing this as long as they can. I think that is the history of a great many seed growers in western Canada who have achieved prominence; they have not gained much wealth for themselves. The result for their neighbours has been valuable. The seed is moved from one district to another readily and cheaply in small quantities. When these men hold a supply of good seed available, farmers hundreds of miles away are able to get supplies which might cost fairly high per unit, but the aggregate cost of which is small. I believe the work should be encouraged.

Mr. WOOD: I commend the hon. member for Melfort for his attitude. I have noticed that the questions are asked to a great extent by hon. members who are not farmers. May I say that I come from a constituency wherein there is an active seed growers association, one which is doing good work. I believe any money spent in the development of good seed would be used properly. I do not think there is anything in agriculture which will do more to increase the general well-being of the nation.

I should like to know if there is in the estimates a contribution for seed cleaning plants. I know that some assistance is given to these plants, and that they have worked more or less cooperatively with seed and feed branches. Great advances have been made in the development of seed cleaning equipment. Today there are on the market machines capable of separating a mustard seed from a turnip seed. Hon. members who are farmers will appreciate my meaning. I am sure that any grants given to these seed cleaning plants would be for the good of the farmers. Is part of the vote for seed cleaning establishments?

Mr. GARDINER: Not part of the $18,900, but part of the $407,200 goes for that purpose. The dominion government puts up $600 towards the price of each machine, provided that the province puts up a like amount, and these sums are distributed for the purposes indicated by the hon. member.

Mr. PERLEY (Qu'Appelle): Could the minister tell the committee what part of the grant goes to seed fairs, and on what basis the grants are made?

Mr. GARDINER: The amounts are divided, for different purposes. If it is the wish of hon. members I shall give the details, as follows:

Total Subventions Available to a Province

1. The total subvention available to a province within the dominion fiscal year shall not exceed the sum of $1,200 unless more than one million acres are under cultivation in field crops within the province, in which case the subvention may be increased pro rata $1,200 for each additional million acres under cultivation as reported by the Dominion Bureau of Statstics for the previous year, provided that the total subvention shall not exceed $1,200 pro rata per hundred thousand of total population as shown by the latest available federal census return.

2. These subventions shall be for the purposes and in the amounts hereinafter specified, but shall not exceed one-half the total amounts paid as cash prizes or grants by the provincial Departments of Agriculture.

The total amount is based on what the the province pays.

$50 for Seed Crop Competition

3. Seed crop competitions have been discontinued in most of the provinces. As a seed improvement agency they are believed to be less effective than the combined seed crop and cleaned seed competition. Subventions shall not exceed $50 for each seed crop competition, the total not to exceed 25 per cent of the amount available to a province.

$200 for a Combined Seed Crop and Seed Competition

4. Each combined seed crop and seed competition in which the seed used must be a registered grade or grade No. 1 certified as to purity of variety, trueness to tyne or fredom from noxious weeds, shall be eligible for a subvention of $200.

$50 for a Local Seed Fair

5. Local seed fairs continue to be serviceable in a few localities and may participate in these subventions to an amount not exceeding $50 for each such seed fair.

$250 for District Seed Fairs

6. District seed fairs are organized in some provinces to meet the needs of groups of counties where local seed fairs are not held, the larger fair being held at different points within the district during successive years. Subventions not exceeding $250 may be paid on acount of each such district seed fair.

$600 for a Provincial Seed Exhibition

7. Subventions on account of each provincial seed exhibition shall not exceed $600.

Then there is a paragraph dealing with an amount of $600 for seed cleaning machines, about which we spoke a few moments ago. The next paragraph is an amount of $300 for machines to grind limestone and mix fertilizer. Paragraph No. 10 indicates a charge of fifty cents per ton for agricultural lime freight charges. Paragraph 11 is as follows:

11. The Minister of Agriculture for the province may utilize the total subvention for any or all of the purposes mentioned, except as provided in section 3.

12. Subventions accounts should be submitted to the seed commissioner, Ottawa, through the office of the seed branch district inspector for the district in which the subvention was earned, by the Minister of Agriculture for the province, or his authorized representative, before the end of March each year.

Mr. ROWE (Dufferin): Would the minister give a further explanation with reference to the $18,900 to the Canadian Seed Growers Association? In what provinces was that distributed last year?

Mr. GARDINER: Money is provided to the chief association in Ottawa. I have not the distribution, by provinces, and I am told it is impossible to get that detailed information. The work is carried on largely by the association.

[Mr. Gardiner.]

Mr. ROWE (Dufferin): It is turned over to the association?

Mr. GARDINER: Yes.

Mr. ROWE (Dufferin): On what basis is it turned over? How is it that while there is provision for $18,900 in these estimates, only $17,000 was provided last year, and there is no record of where it went?

Mr. GARDINER: A surplus had accumulated prior to last year, from two-years' operations, and as a result of the accumulation of that small surplus it was agreed last year to cut down the appropriation to about $17,000, on the understanding that the surplus would be used up during the year. This year the surplus has been used up, and the usual amount is being voted. The former minister made that arrangement to permit the use of the accumulated surplus.

Mr. ROWE (Dufferin): On what basis could you make the estimate?

Progress reported.

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

Monday, March 2, 1936

The house met at three o'clock.

BUSINESS OF THE HOUSE

PRECEDENCE FOR GOVERNMENT BUSINESS ON AND AFTER WEDNESDAY, MARCH 4

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

That on and after Wednesday, 4th March next, to the end of the session, government notices of motion and government orders shall have precedence on Wednesday over all business except the introduction of bills, questions by members and notices of motions for the production of papers.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

DOMINION HOUSING ACT

Mr. HEAPS:

1. How many loans were made by the dominion government under the Dominion Housing Act, 1935?

2. What was the amount in each case of such loans?

3. What was the total amount of such loans as at January 31, 1936?

Mr. DUNNING:

1. Number of loans approved under the Dominion Housing Act to February 25, 1936—113.

2. Classification of loans to February 25, 1936:

Not exceeding	$3,000		8
Over $3,000	not exceeding	$4,000	17
" 4,000	"	5,000	22
" 5,000	"	6,000	12
" 6,000	"	7,000	17
" 7,000	"	8,000	20
" 8,000	"	9,000	9
" 9,000	"	10,000	1
" 10,000			7
			113

3. To January 31, 1936—$666,508; to February 25, 1936—$755.900.

Note.—In this answer the amounts in dollars include the share of the dominion government and of the approved lending institutions.

CHAMPLAIN COUNTY EXHIBITION

Mr. BRUNELLE:

What was the amount of the annual grant given by the federal Department of Agriculture to the exhibition of Champlain county from 1925 to 1935?

Mr. GARDINER:

No federal grant has been given to any exhibition in Champlain county during the years 1925 to 1935, inclusive.

JANSEN, SASK., POST OFFICE

Mr. FLEMING:

1. Who conducted the investigation into the Jansen post office resulting in the dismissal of Ernest J. Symons, former postmaster?

2. At whose request was the investigation made?

3. Is the person who requested the investigation, any relation to the commissioner who conducted the investigation?

Mr. ELLIOTT (Middlesex):

1. George Wilson, barrister, Kinistino, Sask

2. E. S. Wilson, of Humboldt, Sask.

3. Yes. Brother.

LAC VERT, SASK., POST OFFICE

Mr. FLEMING:

1. Who conducted the investigation into the Lac Vert post office resulting in the dismissal of D. N. McRae, former postmaster?

2. At whose request was the investigation made?

3. Is the person who requested the investigation any relation to the commissioner who conducted the investigation?

Mr. ELLIOTT (Middlesex):

1. Inspector of postal service L. S. Cummings (Saskatoon District).

2. Complaint was received by district superintendent from F. A. Rose, a merchant of Lac Vert, regarding mistreatment of mail matter.

3. No information.

SOCKEYE SALMON INVESTIGATION

Mr. REID:

1. What persons were appointed under the direction of the biological board in charge of the sockeye salmon investigation at Cultus and Harrison lakes?

2. When were they appointed and what were their official positions?

3. When did they conclude their investigations?

4. At what date was their report sent or given to the biological board?

5. At what date was their report received by the Deputy Minister of Fisheries?

6. Was the report, when first received by the Minister of Fisheries, the deputy minister or any official, sent back suggesting any alteration or amendment or for further consideration?

Mr. HOWE:

1. Dr. R. E. Foerster.

2. 1925. Assistant biologist.

3. The board decided to bring the investigation to an end with the counting of migrants from Cultus lake during 1935.

4. The final report was submitted to the executive committee of the board in November, 1935.

5. In November, 1935.

6. No. The report and conclusion reached by the board are now receiving consideration.

SALARY DEDUCTION

Mr. CRETE:

1. What is the total amount of the five per cent salary deduction affecting civil servants according to the estimates for the year ending March 31, 1937?

2. Do such estimates make provision for salary increases to certain members of the public service?

3. If so, what is the name and occupation of each such person, the amount of the salary increase in each instance and in what department is he employed?

4. Will such salary increases, if any, be paid out of the five per cent deduction applicable to other civil servants?

5. If the estimates make provision for salary increases to certain members of the public service, who recommended such increase in each case and to whom was the recommendation made?

Mr. DUNNING:

1. Approximately $3,100,000.

2, 3 and 5. Yes, for statutory increases as provided by section 14 of the Civil Service Act, and a small number of other increases specifically mentioned in the estimates as tabled. (To furnish names and occupations

of all persons receiving statutory increases would entail returns from all departments and a great deal of clerical work).

4. No.

EMPLOYMENT AND SOCIAL INSURANCE COMMISSION

Mr. POULIOT:

1. Who are the members of the Employment and Social Insurance Commission, and on what date were they appointed?
2. What salaries have they been paid to date?
3. How many persons are employed by the commission?
4. What is the amount of salaries paid in that respect to date?
5. What is the total cost of the Employment and Social Insurance Commission since its inception to date?
6. How many unemployed has it been instrumental in providing with employment in each province?
7. How many reports has such commission made to the government, and what is the date of each such report?

Mr. MACKENZIE KING:

1. Tom Moore and Nazaire Roméo Beaudet. Appointed July 20, 1935.

2. Tom Moore, July 20, 1935, to February 29, 1936, $5,263.31. Nazaire Roméo Beaudet, July 20, 1935, to February 29, 1936, $5,263.31.

3. Three.

4. $1,563.79.

5. To February 29, 1936, $37,894.92.

6. Administrative staff not appointed to operate part II (employment service) of the act.

7. None. The act provides for an annual report to be submitted one month after March 31 each year or within such longer period as may be approved by the governor in council.

QUESTION PASSED AS ORDER FOR RETURN

TARIFF BOARD

Mr. CRETE:

1. How many petitions have been submitted to the present tariff board since its establishment by companies or persons: (a) of Great Britain; (b) of Canada; (1) prior to October 14, 1935; (2) since such date?
2. How many petitions by companies or persons: (a) of Great Britain; (b) of Canada, were: (1) granted; (2) rejected; (3) are still pending, with respect to each of the above-mentioned periods?
3. Is there in Great Britain a public body similar to the Canadian tariff board to which Canadian manufacturers or citizens may submit requests for a reduction of customs' duties?
4. If so, what is the name and address of such public body?
5. In how many cases has the government acted in accordance with the recommendations of the present tariff board since its establishment: (a) prior to October 14, 1935; (b) since such date?
6. What are such cases?

MOTIONS FOR PAPERS

JANSEN, SASK., POST OFFICE

Mr. FLEMING:

For a copy of all letters, correspondence and other documents respecting the dismissal of Ernest J. Symons, former postmaster at Jansen, Saskatchewan.

LAC VERT, SASK., POST OFFICE

Mr. FLEMING:

For a copy of all letters, correspondence and other documents respecting the dismissal of D. N. McRae, former postmaster at Lac Vert, Saskatchewan.

GROSSE-ILE, MAGDALEN ISLANDS, PUBLIC WORKS

Mr. BRASSET:

For a copy of Public Works department pay-lists covering the months of November and December, 1935, with respect to all works carried out by such department at Grosse-Ile, Magdalen islands.

SUPREME COURT BUILDINGS

Mr. POULIOT:

For a copy of the report of the inspection of the supreme court buildings by the officials of the Department of National Health, according to instructions given in November, 1935, and submitted to the Department of Public Works for consideration.

Mr. POWER: Return tabled herewith.

POWER COMMISSION ACT, 1935

Mr. STEWART:

For a copy of all petitions, resolutions, letters and telegrams making representations in favour of or in opposition to the disallowance of an act of the legislature of the province of Ontario, intituled, "The Power Commission Act 1935," being chapter 53 of the statutes of said province for the year 1935. Also a copy of all communications in reply to the said communications.

Mr. MACKENZIE KING: The Minister of Justice, I believe, desires to have a word with my hon. friend in regard to this proposed order of the house. If the order is passed as requested, it will involve an enormous amount of copying of correspondence. If it will serve my hon. friend's purpose to have the names of all the persons who have communicated with the government, both for and against the disallowance of the act referred to, it will simplify matters very much. If my hon. friend wished to see any of the communications they could of course be made available to him. But to have them all copied would make the return an enormous one.

Mr. STEWART: I have no desire unduly to handicap the permanent officials in connection with this matter. I am content with that as a beginning, with a reservation of the right to ask for further information if what is brought down by the Prime Minister is not satisfactory.

Motion agreed to.

LEAGUE OF NATIONS

FULFILMENT OF OBLIGATIONS AND PURPOSES OF COVENANT, ESPECIALLY AS TO SANCTIONS AND THE CAUSES OF WAR

Mr. T. C. DOUGLAS (Weyburn) moved:

That this house urge upon the government the necessity for sincere and complete fulfillment of all obligations assumed under the covenant of the League of Nations and especially the prohibition of direct or indirect export to an aggressor nation of all raw materials and manufactured articles necessary for war purposes:

And be it further resolved, that this house, realizing the danger and futility of sanctions unless collectively imposed and unless accompanied by a determined effort to remove the causes of war, urge that, as now provided for in the covenant of the League and the resolutions of the assembly, the Canadian government initiate proposals to achieve the more complete fulfillment of the following purposes of the covenant:

(a) Collective reduction of armaments;

(b) Open and collective diplomacy with reference to international disputes;

(c) Abrogation of treaties and agreements not in accord with the covenant;

(d) Definite steps under article 19 of the League covenant to revise the peace treaties and to apply the principles of international justice to the solution of those economic territorial and racial problems most frequently the cause of international disputes;

(e) Prohibition of unilateral agreements and unilateral mobilization likely to undermine the efforts of the League to establish conditions of peace;

And be it further resolved, that, unless and until, there is a sincere acceptance and application of the above by the member-nations of the league, Canada will refuse to participate in any foreign war no matter who the belligerents may be.

He said: Mr. Speaker, no person in the house realizes more than I do how unfitted I am to deal with this task with any degree of thoroughness. Even if I were adequately fitted, how limited the time is at my disposal to deal with so great a subject.

At the outset I wish to lift this whole matter out of the realm of party politics.

Mr. CAHAN: Is it in it?

Mr. DOUGLAS: The desire for peace is not a monopoly of any party in this house. I believe it is true that the great majority of members of this house, as well as the great majority of the people of Canada, are in favour of peace. During the last year a most remarkable thing has taken place in Great Britain. The result of a peace ballot, taken under the direction of Lord Cecil, one of the great crusaders for peace, and in which almost thirteen million ballots were returned, shows the following facts:

In answer to the question: should Great Britain remain a member of the League of Nations, 97 per cent answered "yes" in relation to those who answered "no."

In answer to the question: are you in favour of an all round reduction of armaments by national agreement, 92·5 per cent answered "yes" in relation to those who answered "no."

In answer to the question: are you in favour of an all round abolition of national military and naval aircraft by international agreement, 85 per cent answered "yes" in relation to those who answered "no."

In answer to the question: should the manufacture and sale of arms for private profit be prohibited by national agreement, 93·1 per cent answered "yes" in relation to those who answered "no."

In answer to the question: do you consider that if one nation insists on attacking another, the other nations should combine to compel it to stop by economic and non-military means, 94·1 per cent answered "yes" in relation to those who answered "no."

To the last question: do you consider that if a nation insists on attacking another, the other nations should combine to compel it to stop, by if necessary, military measures, 74·2 per cent answered "yes" in relation to those who answered "no."

We have no statistics of a similar nature in Canada. But the resolutions passed by several national bodies and by church organizations, and the general sentiments expressed in the press, would lead one to believe that, like the motherland, the great majority of the Canadian people are opposed to war and are in favour of taking whatever steps are necessary to maintain peace.

I draw these facts to the attention of the house because I want to make it clear that we in this corner are not presenting this resolution with the self-righteous attitude that we are the sole champions of peace. I think we all want peace. The question is, how can we best maintain peace? It is not a question of peace or war. It is a question of what is the best policy that shall make for peace for the prevention of war. A year ago this was a very simple question to answer. To-day it is not quite so simple. The whole confusing subject of sanctions has arisen. Certain events of the last year have confused the minds of those who desire peace, with the

result that the ranks of peace lovers have become somewhat disorganized and it is necessary now to think the whole question over again.

May I in leading up to the subject review very briefly what has occurred since the beginning of what is called the Italo-Ethiopian question. The whole dispute began as a result of a border incident known as the Walwal incident, which took place on November 23, 1934. Subsequently a commission was set up to investigate the matter, and it finally decided that neither nation was to blame. From January, 1935, until last July, friction increased rather than decreased. The Italian government continued to pour troops and munitions into Africa, apparently with a view to military aggression. The major powers of Europe who were concerned endeavoured—I think unfortunately—to settle this matter outside of the machinery of the league; that is, their negotiations were based entirely on the Tripartite Agreement of 1906 and the revision treaties of 1926 and 1928. There was no recourse to the machinery of the league during the whole of the time that the Italian government was massing troops in Africa. It was not until July last that the major powers referred the case of Italy and Ethiopia to the League of Nations. I think we may be proud of the fact that on that occasion the lead was given by Right Hon. Sir Samuel Hoare, then British Secretary of State for Foreign Affairs. At that time, in a brilliant and spirited defence of the League of Nations, Sir Samuel Hoare placed the British government and the British people solidly behind collective action to maintain collective peace. I shall read just the closing part of that address:

> In conformity with its precise and explicit obligations, the league stands, and my country stands with it, for the collective maintenance of the covenant in its entirety, and particularly for steady and collective resistance to all acts of unprovoked aggression. The attitude of the British nation in the last few weeks has clearly demonstrated the fact that this is no variable and unreliable sentiment, but a principle of international conduct to which they and their government hold with firm, enduring and universal persistance.

I say, I think we may well be proud of the fact that a British foreign minister, backed by the peace ballot to which I have referred and by the growing sentiment in Great Britain that the British people were prepared to make tremendous sacrifices in order to maintain collective peace, placed the British people solidly behind the League of Nations on that occasion. I should like to point out also that on that occasion Canada as well was placed solidly behind the League of Nations. I quote the closing paragraph of the speech delivered by Hon. Howard Ferguson on September 14, 1935:

> Impressed, then, by the gravity of the situation, my government has requested me to make its position clear with regard to this matter. Canada believes the league of nations is an indispensable agency for world peace. We cannot agree that any member is warranted in resorting to war to enforce its claims in violation of its solemn pledges to seek and find a peaceful settlement of every dispute. We hope that an honourable and peaceful solution of the Ethiopian controversy will yet be reached. If, unfortunately, this proves not to be the case, Canada will join with the other members of the league in considering how, by unanimous action, peace can be maintained.

Thus in July last the machinery of the League of Nations was invoked as a means of settling what had become a very critical question. Ten years ago, when the league was being discussed somewhat critically, there were those who said it was so weighty that it would be simply impossible to get it to function quickly in a time of crisis. I am sure, however, that even the most optimistic supporters of the league hardly believed that the league would actually function as quickly as it really did. I have little doubt that the period from October 7 to October 14 will go down in history as a most remarkable phenomenon of international collective action. You will remember, sir, that hostilities were begun on October 4, and this is actually what happened in the following few days. On Monday, October 7, thirteen members of the council of the League of Nations found Italy guilty of resorting to war in disregard of her covenants. On Wednesday, October 9, the verdict of the council was referred to the assembly of the League of Nations, consisting of fifty-four nations. On Thursday, October 10, this verdict was passed upon by the assembly of the league, which found Italy guilty; fifty-one nations, representing four-fifths of the population of the earth, concurred in that decision; five nations were absent and three nations voted against the verdict. On Friday, the 11th, the committee on sanctions formally approved an embargo on arms to Italy and the removal of restrictions against Ethiopia, and on Saturday, October 12, financial experts proposed credit restrictions against Italy and Mr. Anthony Eden proposed a boycott on the import of Italian periodicals. Thus in this short period from October 7 to October 14 the league—though somewhat late, I think—swung into action and took the necessary steps, first of all to condemn the aggressor and second to set machinery in motion to prevent that aggressor receiving

the necessary materials with which to carry on war.

In order to keep the logic of our sequence intact let us look for a moment at what was done by the Canadian government at this time. Hon. Howard Ferguson, undoubtedly under orders from the government of Canada, —the previous administration,—made this statement on October 11:

> The sole problem before the committee was to decide what sanctions the delegations could all agree upon that afternoon and put into application immediately. Let them show the world that the league was no longer to be scoffed or laughed at, but that it meant business, and that when a breach of its covenant took place it proposed to deal with the aggressor in the proper way. Otherwise the league and the assembly would lose prestige and influence in the world and might as well be dissolved. If the delegates were not at Geneva to see that the covenant was carried out, there was no purpose in their being there at all.

This was followed, on October 29, by a statement from the present Prime Minister (Mr. Mackenzie King), who said:

> The government has no doubt it expresses the overwhelmingly conviction of the people of Canada in declaring its continued and firm adherence to the fundamental aims and ideals of the league of nations, and its intention to make participation in the league the cornerstone of its foreign policy in the general field.

I think, Mr. Speaker, that the government of Canada, both the previous administration and the present government, interpreted correctly the psychological attitude of the Canadian people, in that they desired in the main a firm adherence to the policies of the League of Nations and were prepared to take any reasonable steps to preserve peace and prevent a recurrence of war.

There is no need for me to do more than touch very briefly on the sanctions that were suggested and proposed by the coordinating committee. They were five in number: First, an embargo on arms, munitions and implements of war; second, a restriction on loans and credits to Italy; third, a restriction on imports from Italy consisting mainly of periodicals, magazines and papers; fourth, an embargo on key products used by Italy to carry on war, and fifth, mutual economic support given to nations participating in this economic boycott. Canada agreed with all five, the last one in principle and the other four in their entirety.

I have given, sir, this brief review of what has happened during the last year, so that we might understand more clearly just what the problem is that confronts us at the present time. No doubt many people who desire peace are asking themselves if it is wise to apply sanctions, if it is wise to extend these sanctions, and exactly what the policy of those who desire peace ought to be. There are those, quite sincere people, who take the attitude that we ought to remain neutral, to isolate ourselves; they agree with the great body of public opinion in the republic to the south, that we should cut ourselves adrift from the League of Nations and from European diplomacy. To that argument it may be said, first, that such an attitude is scarcely morally justifiable. I need only quote a statement of Lord Cecil, who said:

> Loyalty to this principle of "pooled security" is as necessary to the great society of nations as it is to the society of citizens within the nations. We have to "respect" the broad rules of peace ourselves; but we must also "preserve" them against violence, as the covenant affirms. Every isolationist who challenges this principle and who says in effect "am I my brother's keeper?" is a contributor to anarchy: he is keeping alive the anarchic conception of "security" as meaning a precarious "supremacy" in a world of competing armament, and is preventing the emergence of a new, rational conception of "security" as meaning the public assurance of solidarity against violence and wrong.

Then, Mr. Speaker, even if a policy of isolation were not morally unjustifiable, practically it is not feasible. The one nation in all the world which might have remained neutral in a time of war was the United States of America, a self-sustaining nation which in 1914 decided that she would have no part in the war, and in 1917 elected President Wilson on the platform that he would keep the United States out of the war; but five months later she was plunged into the conflict. In a time of war an exporting nation must send out its ships unless it is to succumb to economic stagnation. If its ships sail the seas they are likely to be attacked or sunk, international complications set in, and the policy of isolation becomes next to impossible.

There are those who maintain to-day that if we invoke economic sanctions they will lead to military sanctions, and that economic sanctions will lead to war. May I point out, first, what sometimes we do not recognize, that failure to apply economic sanctions may lead to war. The League of Nations cannot stand the loss of prestige that would result from permitting the Italo-Ethiopian dispute to go on without intervention. The Sino-Japanese affair caused the prestige of the League of Nations to suffer greatly. If the league again suffers a diplomatic defeat the only remaining agency for international peace will be completely dismembered. I am not one of those who give unswerving allegiance to the League of Nations; I believe it has its

shortcomings, and that it has been used again and again to pull the chestnuts out of the fire for certain imperial interests. But I maintain that it is the only available agency to-day for collective action and collective security. Those who say that if we invoke economic sanctions it will lead to military sanctions forget that if all the fifty-two nations which have promised to invoke those sanctions cooperate, military sanctions will become unnecessary. No nation, no matter how great, could long stand the pressure of an economic boycott on the part of fifty-two other nations. But may I point out that economic sanctions do not necessarily mean military sanctions. I have not time to read article 16 of the covenant of the league, but most hon. members know that in that article economic sanctions are absolute; military sanctions are conditional. It will be remembered, too, that in 1920 Canada made a reservation to article 16. This is it:

> It is in conformity with the spirit of article 10 that, in the event of the council considering it to be its duty to recommend the application of military measures in consequence of aggression or danger or threat of aggression, the council shall be bound to take into account, more particularly, the geographical situation and especial condition of each state.

May I remind hon. members that in 1921 the League of Nations in sending a note to Germany made it quite clear that military sanctions would not be compulsory, but were dependent entirely on the regional and geographical situation of the nations. Therefore the argument that the application of economic sanctions must lead to the application of military sanctions and thus to war is not well founded.

In the resolution which I have the honour to present to the house we are asking for a more sincere fulfilment of our obligations under the covenant of the league. We believe that can be done in two ways: first by tightening up the present sanctions, that is by extending the list of things that shall be prohibited from export to include all articles necessary to carry on war. I have no wish to bring up what is sometimes called the Riddell incident; it has been discussed in a more or less partisan way, and we are dealing just now with something that rises above party politics. But I would remind the house that when we are talking about collective action someone has to initiate that action; that when the members of the League of Nations gather to decide what steps they shall take for the maintenence of peace, somebody must propose the steps that should be taken. I submit that there is perhaps no nation represented at the council table of the league that is in a better position to initiate such steps than Canada. By asking for a more sincere application we mean not only an extension of the list of articles now under embargo but also a tightening up, with a view to investigating what commodities are being shipped indirectly to countries engaged in active aggression. I have the figures here for the export of nickel. It is a remarkable thing that last year, 1935, we exported more nickel than in any year of the last ten. That some of this nickel is being used indirectly to provide armaments for war is almost beyond question. I know it is very difficult to deal with the question of indirect exports. I know there arises the question of remuneration of those who stand to lose by such an arrangement. Yet I submit that the great majority of the Canadian people would support any steps the government might take to see that goods produced in Canada are not being used to enable one nation to carry on a brutal and ruthless massacre of a primitive and defenceless people.

In the resolution I have presented we point out that sanctions are not in themselves sufficient. We point out the danger and futility of sanctions. In the first instance they are dangerous because they may be used for the advancement of imperialism. There are those to-day who are pointing with a critical finger to the fact that Great Britain, who was so active in applying sanctions against Italy, was loth to apply them against Japan. They say the reason is that there is a Suez canal in Africa, but no Suez in Manchuria. I am not one who holds that point of view. However, there is a decided danger that sanctions with a view to maintaining peace may be used to maintain and advance imperialistic means of aggrandizement.

There is a danger of sanctions being used to maintain the status quo. I believe President Wilson was the man who, perhaps more than anyone else, was responsible for the drawing up of the covenant of the league. He saw the danger that the league, which was to be an instrument of justice, might become an instrument of injustice, and that as the years went by certain international problems might crop up and necessarily international readjustments would have to be made. He saw that from time to time there would have to be a rearrangement of treaties, particularly a revision of the treaty of Versailles, and that it would be necessary to set up the machinery whereby that revision could take place. For these reasons we point out that in themselves sanctions may constitute a danger, and not only may they be dangerous but they may be futile in the prevention of war. To-day sanctions may postpone war; they may pre-

vent its happening in the immediate future, but unless the League of Nations is prepared to deal with the underlying causes leading to war we cannot hope to maintain peace. Unless we are prepared to see that there are economic problems, that there are colonial problems, that there is a pressure of population in certain areas of the world which inevitably must lead to war, and unless we set up the machinery necessary for peaceable change, the mere application of sanctions will only postpone the inevitable day of reckoning. That is why we have made these proposals.

As I have not much more time to speak I shall not deal in detail with the proposals, but we ask that first of all Canada shall take the lead in securing collective reduction of armaments. If we are going to condemn Italy for breaking article 10 of the covenant, and Germany for breaking the treaty of Versailles, we must be prepared to observe article 8 by which we promise to reduce armaments. There must be collective and open diplomacy, and an abrogation of treaties not in accord with the covenant. Above all, under article 19 we must set up the machinery whereby the problems of territorial expansion, pressure of population, and economic stagnation and suffocation shall be submitted to some body with authority which will be in a position to suggest possible ways of peaceable change.

Change is coming; it is bound to come. The only sensible procedure would seem to be that of setting up the machinery whereby it may be done peaceably and without recourse to force. Unless we recognize this fact, all our talk about sanctions is beside the point. The founder of the league and Right Hon. Sir Samuel Hoare, Lord Lothian and a number of other prominent men who have worked tirelessly for peace, have made this point clear.

I suggest further that we do away with unilateral agreements.

Mr. CAHAN: What is a unilateral agreement? That is puzzling to me; I never heard of one before.

Mr. DOUGLAS: I have this in mind: From January to July of last year Great Britain, France and Italy, working outside the league, endeavoured to settle the dispute in Ethiopia by giving to Italy certain concessions of land.

Mr. CAHAN: It would be a tripartite agreement.

Mr. DOUGLAS: Yes.

Mr. CAHAN: That was not unilateral, then?

Mr. DOUGLAS: It was suggested that they would be unilateral between Ethiopia and Italy.

Mr. CAHAN: Would that not be a bipartite agreement? I never heard of such a thing as a unilateral agreement.

Mr. DOUGLAS: It is the term we use, I believe.

Mr. CAHAN: I never heard of it.

Mr. DOUGLAS: The idea is that machinery outside of the league is used, and in the solving of problems which may come up resort is had to old imperialistic methods rather than to the machinery of the league. In this morning's issue of the Montreal Gazette we see a very good example. It appears that Italy, having had a number of successful encounters with Ethiopian troops, is now saying to the French government that she is prepared to enter into negotiations with Ethiopia. However she is not making that statement to the league, nor is she using the machinery of the league. I maintain that if Italy and Ethiopia settle their differences outside the league by a mere juggling of territory we are sowing the seeds of another war. We cannot drive two horses in different harness. We must either work through the machinery set up by the league or resort to the old diplomatic balance of power which inevitably must lead to war.

Summing up, we take the attitude that if the League of Nations is to be used to maintain the status quo; if it is to be used so that the major nations, who have eaten their full in the race for colonies, may use the league to prevent the growth of other nations and to prevent economic expansion, and if it is to be used merely as a machine to enable those who have to keep what they have, we do not feel that such a league can be a satisfactory agency for peace. We maintain that if the League of Nations is used for what we believe it can be used, namely, an instrument of collective action, guaranteeing collective security and giving collective peace, if it is prepared to set up the machinery necessary to bring about revisions and readjustments in the international field, and if it is prepared to become a tribunal to which nations may go to air their grievances, it can, and I believe will, bceome a great power and a great force in the maintenance of world peace.

My submission is that no nation in the world has a greater responsibility or opportunity to that end than has Canada. We have no desire for colonies and no imperialistic dreams. We have no neighbours of whom we are afraid. Our relationship with our neighbours to the south stands a monument to peace and good will, and I suggest we are in a first class position to set up machinery

which would give moral leadership to the nations of the world to the end that men of all races, colour and speech ultimately may come to sit in the parliament of man and the federation of the world.

Mr. LENNARD: What position would Canada be in if it were not for the protection of the British empire?

An hon. MEMBER: Answer it.

Mr. J. A. MARSHALL (Camrose): Mr. Speaker, in rising to speak to this resolution I do so with a certain amount of trepidation. As a new member may I express to you, sir, and to the older members of this house—older not so much in point of age but in length of service—our appreciation of the courtesy and kindly tolerance which has been extended to us as a group of social crediters on account of the fact that we are new to this particular sphere.

The resolution before us is rather a long one, and it is not my purpose to discuss it in its entirety. I think it can be summed up in four words: We want international peace. I believe it is true, sir, that in the multiplicity of words there is much confusion, and in my own mind at least—I do not know whether in the mind of other members of the house—there is a certain amount of confusion as to exactly what this resolution means and exactly what it asks. I believe, too, that on account of conditions as they exist in Europe to-day it perhaps might be better if a resolution of this nature were not brought up for discussion.

Going back into the record of the proceedings of this house I find that discussions of international peace have taken place almost yearly since the great war ended in 1918. The hon. member for Grey-Bruce (Miss Macphail) has been most persistent in her demands for action by Canada in the cause of international peace, and she is to be commended for her action in that regard. I believe it is the duty of every red-blooded Canadian to seek every possible avenue which might lead to a solution of this problem When the war ended in 1918 we said that never again would we permit nations to bring such another catastrophe upon the world. We meant every word we said in those days, and yet in spite of that we find the nations to-day flying at each other's throats. They have forgotten the expression "peace, perfect peace."

At the close of the war the League of Nations was set up, and it had two great aims: first, to preserve peace and to seek a peaceful settlement of international disputes, and second, to organize in the most varied spheres the cooperation of peoples with a view to the material and moral welfare of humanity. These were very excellent aims, but I fear that to a great extent we have lost sight of that first aim, the preservation of peace.

To find out exactly what some of our leaders in this parliament have said and thought in regard to international peace I went back over the record of Hansard, and I find that the opinions expressed are very divergent indeed. They do not throw any new light on an old subject. Here are some opinions which were expressed on March 26, 1928. The present Prime Minister (Mr. Mackenzie King), speaking on the subject of international peace, used these significant words:

> This government and this parliament have identified themselves in a very real and immediate way with the League of Nations. Everything we do in connection with the League of Nations we are doing along lines that are promoting this very objective—international peace.

The leader of the opposition (Mr. Bennett), on a subsequent occasion, used these striking words:

> There can be no educated public opinion so long as the machinery of parliaments is utilized for the purpose of providing armaments with which man may go to war.

The Minister of Justice (Mr. Lapointe) in 1930 used these words:

> The old system has failed and a new structure is being built—

Those are very significant words indeed to-day. He continued:

> —I hope on a basis of justice and solidarity. The League of Nations is no longer an idea; it has become a reality and its strength is continuously increasing.

Then we have the member for East Kootenay (Mr. Stevens) saying this:

> You will never bring about peace by philosophical dissertations. There is only one method I know of and that is by promoting the principles of the Prince of Peace.

These, sir, are significant words, non-committal it is true, and general in their scope. Let us turn to some other comments. Let me read one which was made by the member for Broadview (Mr. Church). Commenting on an article written by George Bernard Shaw, the hon. member said:

> Now let us see what Bernard Shaw has to say in regard to this wonderful mock parliament known as the League of Nations, which is doing more to create strife than any other agency I know of. In my opinion they should change the name from League of Nations to League of Humbug, because that is all it is.

Then he goes on to quote the words of Bernard Shaw, who, I am sure you will agree with me, Mr. Speaker, is a man of thought, a master of English, and a moulder of public opinion. Bernard Shaw said:

> Roughly and generally it is a fact that the pacifist oratory at the assembly is Christmas card platitude at best and humbug at worst. The permanent departments of the league have to fight hard to defeat the frequent attempts to sabotage it by the big powers through their deciduous members.

There you have, I think, the two schools of thought, one leaning towards the idea that the league is a successful institution, and the other suggesting that it has in a measure failed in its purpose, the purpose for which it was brought into being. Those who have criticized the League of Nations, it must be admitted, have had courage and daring. They may possibly be branded as men of warped intelligence, but notwithstanding that we ourselves in our hearts can criticize some of the actions of the league. No one will deny that the aim of the league, namely, the abolition of war, is a very worthy one indeed; but its sphere of activity has been so greatly widened that the primary aim, the abolition of war, has been lost sight of.

War is an inevitable result of the present financial system. I emphasize that with all the power at my command: war is an inevitable result of the present financial system. It has been said that war is economic peace and conversely peace is economic war. In peace nations enter into competition with one another for foreign markets in which to dispose of their surplus goods. I do not think that anyone will gainsay that fact, and that invariably leads in practice to war. When there is war goods are destroyed almost as quickly as they come into existence; people are in possession of plenty of money and we have an all round stimulation of business; in other words, we have economic security. Some suggest that we should abolish entirely the manufacture of war materials. I heartily agree with that; and I think we are all agreed that the main reason for the boom which Great Britain and other nations are experiencing at the present time is the manufacture of war materials. But the question arises then: If you ban the manufacture of war materials what are you going to do with the unemployed? You will immediately throw people out of work; you will swell the ranks of the unemployed, and your problem is accentuated.

What is the solution of the problem? I think the solution lies in endeavouring to bring to the consumer more than he is obtaining at present. Make your people happy and contented by giving them all they want to eat, all the clothes they can wear and decent homes to live in, and you will banish the incentive to go to war. The problem of peace is one that lies within our own border, and it lies in the realm of finance. I cannot stress that too strongly. Give the consumers of this country or any other country for that matter the necessary purchasing power to buy goods as produced and you will solve this problem of war.

Let me say this in conclusion. While I sympathize with the aim of this resolution, yet in a measure I am opposed to the means of attaining the end it sets forth. I wish to make a statement on behalf of this group with which I have the honour to be associated. We are opposed to war, but we are convinced that its prevention does not lie in its prohibition but rather in a removal of the causes that make war inevitable. The chief of these causes is the drive for foreign markets, and the reason for this struggle for markets is the present financial system, which makes it impossible for any nation to distribute its wealth amongst its own people. Until this fundamental cause is removed all talk of permanent peace is not only idle but misleading. Attempts to prohibit war without removing its causes must aggravate the disease. Prohibitions by sanctions may postpone war but will inevitably cause offensive alliances, thus in the end enlarging the scope of war.

Recognizing that we are a small nation, we realize that our only hope of securing lasting peace lies in cooperating with the English speaking nations of the world who alone have preserved the political freedom necessary to bring about economic reforms by constitutional methods. We are unalterably opposed to war except in defence of our political freedom.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Although the mover of the resolution (Mr. Douglas) is a member of our own group, perhaps I might be permitted to express my appreciation of the comprehensive and dignified manner in which he has dealt with this subject. With regard to the speech to which we have just listened, we are heartily agreed that the only real way to prevent war is to remove the causes that make for war. But we have to face a world in which Canada is not a self-contained country but is inevitably brought into relations with other countries. We are to-day dealing with other countries. Under almost any circumstances that might be imagined, Canada would be dealing with other countries, and

under these conditions when hostilities break out we simply have to face the issue. And it is in order that we may the more intelligently face that issue that the resolution is introduced to-day.

Before considering the resolution in detail, I should like to take this opportunity to call attention to a report of a speech by the Italian consul, Luigi Petrucci, given before the Italian chamber of commerce yesterday in Montreal. It seems to me that this is a most improper speech and a very dangerous one. After criticizing very severely the League of Nations of which we are a member, and which league has condemned the action of Italy, he goes on to say—I will quote only part of the article which appears in the first column of page 2 of this morning's Montreal Gazette:

> I cannot refrain from expressing my sorrow because Canada is applying sanctions against Italy, sanctions which are dangerous because they can bring another world war and which have destroyed the Italo-Canadian trade, which only a few months ago the two countries were trying to improve by means of a new commercial convention.
>
> These sanctions cannot stop the Italian enterprise in East Africa. Other effects of sanctions are that they will create a great wall between nations and will make economic liberalism even more unrealizable and utopian. The covenant will become more and more difficult to apply and economic wars between nations will become the rule.
>
> Italy refuses to admit the judgment taken by the League of Nations against her as illegal and iniquitous, and will stand with all her strength to oppose the effects of sanctions.

That is a challenge to Canada, and a challenge to the league, uttered by one who enjoys special privileges and special immunities in this country. I submit that it is ample ground for asking for his withdrawal from this country as the consul of Italy. May I further say that this is not the first time that we have had trouble with this particular consul. Members will remember something of this kind about a year ago, if I recall aright. Further, I remember last year a deputation of Italian citizens waiting upon me here in Ottawa, they having come from Montreal to make certain charges against the consul. They claimed that with his connivance there was being built up a secret fascist organization called the nationalist organization for the repression of anti-fascism. They charged that the officials of this organization were paid by the Italian government notwithstanding that they were British subjects by naturalization. They charged that the consul exercised a great deal of intimidation over Canadian citizens; that, naturally, Canadian citizens had to go to the consul for a good many things relating to their homeland —certificates of birth and so on; that when they did so the accommodation was refused them unless they joined the fascist organization, and further that threats were made, not merely of bodily harm to Canadian citizens here but also to relatives of Canadian citizens who were still in Italy. There was shown to me a photostat of what purported to be an oath which was being administered by the consul to Canadian citizens. This ran as follows:

> In the name of God and Italy I swear to execute the orders of Il Duce and to serve with all my strength and if necessary with my blood the cause of the fascist revolution.

I am not prepared, obviously, as a private citizen to make investigation as to how far these charges are justified. I turned over the memorandum, which was submitted to me by a lawyer of Montreal who appeared with the delegation, to the Department of External Affairs. I do not know whether any action has been taken, but I submit that these are serious charges and ought to be carefully investigated. I have not brought this matter to the attention of the house, but when such statements are made, as appeared in the Montreal Gazette to-day, it is high time that some action should be taken by the government.

Coming to the resolution, may I point out that in the past it has been extremely difficult to get a discussion of foreign affairs. I do not know why it is, but it has been the practice to bring in the estimates of the Department of External Affairs very near to the close of the session. I am glad to say that that practice has been modified this year, and we already have had before us some of these estimates. But year after year about the only opportunity the house has had of discussing foreign or external affairs has been on the estimates, and they have come in very late. Last year—I do not say it was done by design—they came in late one evening just at the close of the estimates of another department. One minister was not prepared to go on; a switch was made to the Department of External Affairs, and the estimates went through without even a single comment; in fact there was not even a reference to them—I suppose for that reason—in Hansard. One result of this lack of discussion in parliament had been that our people generally have not been very much accustomed to discussing foreign affairs. Of course it is quite true that with us foreign affairs have more largely to do with our relations with the United States, but notwith-

standing that fact I think we all must recognize that in the last great war we were thrown into the struggle, and in all probability we may be thrown into another great struggle.

Miss MACPHAIL: We jumped in.

Mr. WOODSWORTH: That struggle led to the sacrifice of the lives of tens of thousands of our best young men and brought this country to a condition of bankruptcy or near bankruptcy. It is curious that although we participated in one great war and are in danger of being thrown into another, we take no very active part in actually discussing external affairs. I have expressed on several occasions the hope that the reports of the League of Nations delegates should be referred to the committee on industrial and international affairs. Almost anything that would stimulate an interest among Canadians in the matter of our external relationships ought to be welcomed. The Prime Minister the other day, discussing the estimates for his own department, referred in this house to the way in which external affairs were pressing in upon us in recent years. They are bound to do so, and yet any crisis that arises finds our people quite unprepared.

A few years ago Canada was a signatory of the so-called Kellogg pact, in which we definitely abandoned war as an instrument of national policy. Nearly all the leading nations of the world signed that pact, and yet none of us apparently has implemented it by any change in national policy. I urge that not only should we abandon war as an instrument of national policy but we should abandon it as a recognized means for settlement of international disputes. Such a settlement is not permanent. The organization with which I am connected stands opposed to war. In order to make very clear our position I would read a statement with respect to peace, published two years ago at our Winnipeg convention:

> We recognize that modern war rises primarily from the clash of interests in a world economy based on competition, therefore the establishment of world peace depends on abolishing competition and on building a cooperative commonwealth.

I trust that hon. members will not accuse me of unduly dragging in party considerations We were thinking of much larger things than any Canadian party when we spoke of it. The statement proceeds:

> The Cooperative Commonwealth Federation is ualterably opposed to war. If the great capitalist powers drift into another war Canadian neutrality must be rigorously maintained whoever the belligerents may be. Canada must refuse to give military assistance to the League of Nations as at present constituted. We stand for thorough reorganization of the league in order to make it an effective instrument of peace.

The last clause of the resolution before the house is as follows:

> That unless and until there is a sincere acceptance and application of the above by the member-nations of the league, Canada will refuse to participate in any foreign war, no matter who the belligerents may be.

Personally I would go farther than that. The longer I live the more convinced I become that war settles nothing, that war is the greatest disaster that could come upon any nation. I am convinced of that. I do not care whether or not somebody dubs me pacifist, with all the rather opprobrious connotations of that word; I think it is the only sane and safe policy in the world to-day. I have a good deal of respect for Mr. George Lansbury who, speaking of his resignation as leader of the Labour party in Great Britain, made this statement:

> It is impossible for me to believe anything good can come out of mass murder, whether this is carried out by order of a league of nations or by a single nation. Evil cannot be swept out of our lives by evil; the spirit of war cannot be destroyed by more war.

I want to adopt that statement as my own, so there may be no doubt in the mind of any hon. member as to where I stand.

We come to the policies of our country, and as yet, unfortunately in my judgment, this country, like a good many other countries is still relying more or less upon armaments as a last resort. I suggest that an isolationist position cannot be successfully maintained in the world to-day. Things may come to such a pass, if we are about to be dragged into a war and there may be no other policy open to us. We may be forced to adopt an isolationist policy and refuse to be dragged in. But it should be remembered that to-day the world is becoming more or less integrated industrially, financially and socially. We cannot stay out by ourselves. As long as we are in the world neighbourhood we have to deal with the people whom we meet in that neighbourhood. So we ought to recognize that the League of Nations, in so far as it is an association of nations seeking to promote peace, ought to be supported.

We are also of course a member of the British empire. Two years ago I had the opportunity to attend, as a delegate, the Canadian Institute of International Affairs, which met at Toronto in association with the Royal Institute of International Affairs, which has headquarters at Chatham House. Viscount

Cecil led the British delegation, which included Liberals, Conservatives and Labour men. We discussed the question as to what would happen if, perchance, the interests of Great Britain and the League of Nations should not be identical, which should claim our loyalty. Possibly the answer to that question was evaded, because there were certain differences of opinion, but the conclusions finally adopted were to the effect that we could not possibly see that the interests of Great Britain could be divergent from the interests of the league itself. So I do not think we need discuss our special obligations to the British empire; they ought to be identical with those we owe the league.

I frankly confess, Mr. Speaker, that the league as now constituted is a very imperfect instrument for maintaining world peace. For some years I declined to join the League of Nations Society, just for that reason. At that time the league seemed to me essentially a league of victors. For a time the situation improved. Now the United States is still out; Germany came in and went out; and Japan is out. The entry of the U.S.S.R. into the league, meant a distinct advance but still it is essentially only a partial league of nations.

Further than that, national sovereignty is still maintained. I know every nation is jealous of what it claims to be its own final right to decide things, but just as within our national life smaller groups have given up their voices in the presence of the larger groups, so it seems to me we ultimately must come to the place where we will be willing to sacrifice for the common good what we have hitherto claimed to be our national sovereignty. I think we will have to come to that. To-day two people come to the court; they ask the court to make a decision, and then they loyally accept the decision that is made. As nations we refuse to do that. In the first place we all maintain our armaments, and a number of nations persist in carrying on a line of independent action. Just recently, for example, Great Britain held some naval manoeuvres in the Mediterranean, taking independent action at the very time when it would seem that every move should have been taken through the league.

I will admit, too, that to a large extent the league to-day is dominated by the great powers. Several years ago it was largely dominated by France. To-day I think the predominate influence is that of Great Britain. The great empires have their own ends to serve. I think that can be said without particularly casting reflections upon them as empires. They have their own ends to serve; they are not impartial judges. In my judgment there is a very great danger that the league may be made a kind of smoke screen behind which imperialist aims and ambitions may be carried forward. I am not ashamed of being a Britisher, but I unite with a great many Britishers living in Great Britain in denouncing imperialism as we know it in modern days, and imperialism is none the less to be denounced because it is British imperialism. We denounce German imperialism and French imperialism and Japanese imperialism, and I cannot exclude British imperialism. I do not think Great Britain had been worse than most empires, but as we look back through history and see the processes and developments that have taken place we must admit that our British empire has been built up by methods none of us to-day would care to justify.

Now let me say a few words with regard to sanctions. I think we may distinguish between economic sanctions and military sanctions. I know there is a danger that economic sanctions may provoke an enemy in a desperate position to reprisals, perhaps even to the declaration of war. In the case of Italy I cannot but think that a declaration of that kind on our proposal to extend sanctions was a good deal of a bluff. However, there is that possibility. As the hon. member for Weyburn (Mr. Douglas) suggested in moving the resolution, however, there is also the danger that unless we do exercise economic sanctions we may very easily provoke war. There is danger in every direction, but if we were only sincere and thorough-going in our exercise of sanctions it seems to me we would not have to face war. Take this question of oil. I do not know the ins and outs of the handling of oil. I do know Great Britain is said to have a very considerable number of shares in the Anglo-Persian Oil Corporation. I know something of the part that oil has played in the past, and it may be that there has been pressure on the British government from the oil companies. I do not know. A few weeks ago it seemed as if the United States, despite the difficulty of the president taking action along this line, might possibly have joined with other nations in bringing oil sanctions into effect. But if sanctions are to be applied, they must be made effective, and all nations must be willing to do their share. I am glad to think that at last we have come to the point of recognizing the desirability of not allowing war materials to pass into the hands of the aggressor. I think it is two years since I brought in a resolution in regard to nickel, urging that we express our willing-

ness to cooperate with the League of Nations in seeing that no nickel found its way into war materials. That resolution was not adopted by this house. Here is an extract from a stock market publication, issued a little less than a year ago; it is given in the League of Nations Society in Canada monthly news sheet:

> Current demands for nickel are running at a record making rate, moving ahead with the added force of peace time requirements. In addition, there has been little let up by the purchases by many nations of armaments and this has meant in one way or another the buying of nickel. Nearly all major powers are increasing substantially their naval and military appropriations. These and other factors seem to promise a rising curve of nickel consumption, production and earnings.

I cannot see that we as a nation can escape responsibility for having continued to send abroad nickel that has been finding its way into the making of war materials. Here is a recent Canadian Press dispatch which appeared on the regular financial page dated at Ottawa, November 20, with regard to nickel:

> The Dominion Bureau of Statistics disclosed, Tuesday, that Italy, apparently racing to get under the League of Nations' sanctions wire, imported from Canada almost twice as much fine nickel in October as it did during all last year, increasing its total imports from Canada 119 per cent, compared with October, 1934.

And the dispatch goes on to speak of the greatly increased production and shipment of copper. I am glad that we have stopped the exportation of nickel—at least I hope we have. At Brockville the other day a railway employee pointed across the railway yards to a car which he said was loaded with nickel and which was being stopped in transit. That is at least some indication that perhaps action is being taken. But I submit that we should have taken action two years ago, and very drastic action, even before we formally consented to join in these sanctions.

The purpose of the resolution is to point out that sanctions in themselves are not enough. We say that we should remain loyal to the terms of the covenant. That may be, but may I point out that there are other clauses in the covenant besides 10 and 16. Take the first clause in article 8:

> The members of the league recognize that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations.

Have the countries of the world actually disarmed? Instead of that they have been arming, and now we are told that Great Britain is giving up the idea that there will not be a war within ten years; her leading statesmen are saying that war will almost inevitably come inside of four years, and so a greater armament campaign is being proposed. We asked Germany to disarm, and Germany disarmed under the express condition that the other nations would do the same. The other nations did not carry out their solemn obligations to Germany, with the result that an almost desperate German people developed fascism. We have not carried out our obligations under section 8 of the covenant.

Then there is section 19, which I think is not quite so familiar to some of our people. It is very short:

> The assembly may from time to time advise the reconsideration by members of the league of treaties which have become inapplicable and the consideration of international conditions whose continuance might endanger the peace of the world.

There is no doubt that a great many treaties that exist are not applicable to-day. There is no doubt in my mind that the Versailles treaty is not a just treaty. In many ways it ought to be revised. Under pressure from Germany certain clauses have been slightly revised. We are willing to concede now that Germany was not wholly responsible for the war. The provisions with regard to reparation payments have become in effect dead letters, but we have not made those general revisions that seem to be justified if the peace of the world is to be preserved. I feel very strongly that some responsible body must undertake to get at the causes of war, the causes of friction. That was one of the purposes for which the league was set up. A few weeks ago there was a discussion of the league policy carried on under the auspices of the League of Nations Society in Canada. Comments were sent in from various members of the society, and a number of them were published in the organ of the society. Among others I find this:

> Her (the Canadian) representatives have two distinct questions to answer for her people, before they can properly take or support action at Geneva. One is: what can she do through her own government, and in cooperation with other nations, to satisfy the claims and desires of Italy that are just and genuinely in accord with civilized life, and thus prevent war?.... If war is the alternative, the Canadian people should be allowed to choose between a war, and its consequences near and far, and a reorganization of her economic and social life....
>
> Until some powerful effort has been made by Canada or someone else to attack the causes of war, and to remove them by paying a price

which however great cannot be as great as war itself, Canada should not become involved in any system of sanctions which under those circumstances would not be sanction—that is the force of equitable authority—at all, but would simply be the old-fashioned private war used by a stronger group to assert its will.

Thus we are forced to recognize the danger of sanctions unaccompanied by other action. Sanctions in themselves might simply maintain the status quo, which might prevent a just solution of existing problems. Lord Lothian put this matter very clearly in a speech delivered on September 28 of last year:

> We have allowed it (the league) to become an instrument not for settling grievances but for perpetuating a status quo which is every year becoming more difficult to justify.

A few days later Sir Herbert Samuel put it this way:

> The League of Nations must become something more than a mere defender of the status quo.

May I quote once more from Lord Lothian in a speech delivered on September 18 of last year:

> Italy has a case against us and the league—a much better case than she has against Abyssinia. In the last century there was practically free migration all over the world, and in substance free trade in goods, foodstuffs and capital. To-day the nations are living in watertight compartments, with no migration and no freedom of trade, with the result that many of them have got into such tremendous population and economic difficulties that they have resorted to dictatorship to maintain order at home, and most of them are adding to their armaments in order to try to solve their internal problems by action in a foreign field.

In summing up my position I believe I could do no better than quote the observations of Mr. Escott Reid in a statement before the National Council of the League of Nations Society in November:

> An effective collective system means not only the restraint of the aggresor but also disarmament, international instead of imperial control of colonies, and effective machinery to deal with treaty revision and the problems of markets, migration and raw materials. The crisis which presents itself to-day gives us an opportunity to build the foundations and perhaps some of the framework of such a system. If we seize that opportunity we shall greatly diminish the prospects of war. If we fail to seize it, war will not be far off.

I know it is very difficult for most of us to come to anything like a satisfactory conclusion in connection with the Italo-Ethiopian tangle. I should like to express my personal sympathies for Ethiopia. I cannot see how possibly we could too strongly condemn Italy's action. At the same time I am conscious that other nations have sinned in much the same way as has Italy. I have before me a volume published several years ago by the late John S. Ewart, entitled Canada and British Wars. Could anyone read a document such as this without realizing that in nearly all disputes of recent time Great Britain has been at fault as have other empires, in the wars of imperial expansion. Undoubtedly the British empire has been built up by methods not greatly dissimilar from those now being used by Italy and Japan. I think of India, of Egypt from 1882 to 1895, of the Venezuela boundary dispute of 1895-6, of Persia in 1896, of South Africa in 1895 and through to 1902, of the Anglo-Japanese alliance of 1902, of our relationships with France, 1898-1914; of the Moroccan crisis, 1905-6, of the Anglo-Russian relationships, 1906-7; of the triple entente 1907, and of all the difficulties we had in Morocco and Persia and the Balkans; of British action in China, and so on.

Hon. members of my own generation will recall the difficulties which were experienced in connection with these matters. One cannot go back over the history of modern imperialism without realizing that there is much to be deplored. At the same time that does not mean that we can condone what Italy is now doing, but it does mean that we must frankly recognize our responsibility in the matter. I do not often feel like quoting Mr. Amery, but I should like to read a statement he made a few months ago. Hon. members are aware that he was former dominions and colonial secretary. He said:

> There is something rather humorous in a gorged and satiated lion reproving a hungry young tiger, saying it sympathizes with him, but his appetite must be satisfied in accordance with the rules of the vegetarian society, of which the lion has been the last joining member.

There is a great deal in that statement. Along similar lines Sir Stafford Cripps made this statement at the Brighton Labour party conference:

> It is argued that Mussolini will be crushed. He will not. In all probability he will drive a satisfactory bargain with his fellow members of the international burglars union momentarily termed policemen.

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

Mr. WOODSWORTH: Very well, I shall have to leave it at that. May I say in closing that if we are to have peace we must be prepared to pay the price of peace—a price which, at the very worst, could be nothing like as heavy as the price we pay when war is declared.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I am sure the resolution of the hon. member for Weyburn (Mr. Douglas) is of interest to all hon. members. Undoubtedly a very strong opinion in Canada against Canadian participation in European wars was shown during the last campaign, when parties and groups, either through conviction or because of their desire to say things which were pleasant to the ears of the electors, took the same stand on this question. Every party or group whose campaign literature reached me, or whose speeches I read in the press, stood against Canadian participation in European war, until we had consulted the people through a plebiscite or something of the sort. Then if people decided that they wanted to go to war, then they would go to war. I believe the party in power took the stand that Canada would not participate in any European war until the matter had been submitted to parliament, which in practice would mean submission to the Liberal party.

The feeling on this matter of a great many people is one of confusion and uncertainty. I find myself troubled by the common ground taken by the imperialists and the enthusiasts for the league on the matter of sanctions. It is the first occasion of which I am aware that they have taken the same ground, and they seem to be about equally enthusiastic though I am quite sure, for different reasons.

The whole question of sanctions brought the matter of participation in European war clearly before us, and any thinking person has to come to some conclusion or other in regard to it.

For many years I have been exceedingly enthusiastic about the league and have been hopeful that it was the organization in the world which was going to do the most to remove the causes of war. I have always been more interested in removing causes than in the maintenance of peace by force. Peace maintained by force, whether the force be called sanctions or by some other name, is a precarious peace. In my view the only peace which can be lasting is one which arises as the natural consequence of the removal of the causes of war. My undimmed enthusiasm for the League of Nations lasted until the disarmament conference. My faith in British sincerity in maintaining world peace through the action of the league lasted until the disarmament conference, but I say to this house quite frankly that I have never been as enthusiastic on either point since the failure of the disarmament conference. I feel that at that time Canada did not take as strong a stand as she might have done. She took just a nominal stand, and did not put up the fight at the conference that I would have wished to see. I was not pleased with the attitude of Great Britain at that time. I did feel then, and I have felt since, and do feel now that we lost a tremendous opportunity at that time, and it is one that may not recur. It may after another blood bath, or it may never.

In reading over the resolution I feel myself in harmony with most of the statements made therein—it is rather too long to read again—but I want to take some little time to say that I feel the greatest need of Canada and all the other countries which are sincerely anxious for world peace is the pressing for the application of article 19 of the covenant. I think that if we are only going to go on invoking sanctions, we are wielding a big stick which will eventually not be successful. It may now be successful, but the time will come when the group of nations which "have not" will become as strong, by combinations, as the group of nations which "have," and when that time comes sanctions will not be effective. So I think if we are going to remain in the league we ought as a country to take the work of the league very seriously. We ought first to have a Department of External Affairs that is not headed by the Prime Minister. The Prime Minister (Mr. Mackenzie King), speaking of this matter the other evening said, and the leader of the opposition (Mr. Bennett) agreed with him, that he would have to know what went on in that department anyway, and with that I agree; still if that department were headed by a person who specialized in international matters, his consultation with the Prime Minister would make it a stronger department than it could possibly be when headed by an altogether overworked man, as the Prime Minister of Canada must be. So I think we should have a Department of External Affairs with a minister at its head apart from the Prime Minister.

I believe, too, that we should raise the status of our representative at Geneva. I believe that we ought to take the road to peace definitely. But what we have been doing, and everybody in this house knows it, is trying to take both roads—peace and war—at once. We have not been spending much money on peace or on the Department of External Affairs or on our office in Geneva. We have not even made a place on the agenda of the House of Commons for a report of the delegates when they come back from Geneva. We thought what they did at the league of so little consequence that we did not even provide on the agenda a place for

their report when the delegates returned, so that they could make clear to the house what went on there and what the stand of Canada was. And we should send to the league only people who are members of parliament, either of this house or of the upper house. It is simply ridiculous to send people who are not members of either house. It has been a method of rewarding people who have been kind to the party in power or some such thing. It has no meaning so far as the peace work is concerned.

So if Canada is going to stay in the league I would like to see her seriously undertake the work because nominal support is likely to draw us into sanctions and into war, without our ever having used the league as an instrument for the preservation of peace. I think we have come to the place where we must decide what we are going to do, whether we are going to stay in the league and be active members of it, or not stay in at all.

I hear a good many people talking about the happy results that would come from an English speaking alliance. May I say that I think a great deal of danger lies in that direction unless we clearly recognize the differences in interest and the different areas of the earth which constitute the first interest of the great English speaking nations. It is true that Britain and the United States have very much in common. There is no quarrelling about frontiers; there is no wrangling over spheres of influence or over the expansion of their empires. In fact, they are both contracting and are getting out from under the weight of their imperial interests by gradually, and sometimes rapidly, giving self-government to their dependencies. The Philippines would serve as an example in the American sphere, and the growing power of the dominions and of India in the British sphere. As far as we have gone now, Great Britain and America have a similar outlook on world politics. Then they have this other thing, which is greater than all; they have a common tradition, and they have a common language. But we are apt, when we have come to see that all this is true, to jump to the conclusion that their interests are therefore identical. May I take a moment to point out that their interests are not identical; their most immediate and pressing problems are not the same, and if we recognize that fact it will save us future disappointment. Let me quote a paragraph from Walter Lippmann on this point. He says:

> American isolation is one of the optical illusions of the present era. American policy is conditioned by its vital interests just as is British policy. Thus America is isolationist as to continental Europe, but it has never been and is not now isolationist in the region of the Caribbean or the Pacific ocean. The British ardour for the league is a reflection of British interest in British security; the lack of British ardour for the collective system in the Far East is a reflection of a greater concern with European security.

He goes on to say about his own country:

> So it is with us. President Harding, who was elected in 1920 as a result of a rebellion against the league, signed a whole series of treaties in 1922 which applied the league's principles to the Orient. In 1931 Secretary Stimson stood forth as the protagonist of league principles and Sir John Simon did not.

I think that is true, and I think it is an explanation of why Great Britain was not as much interested in invoking certain articles in the league covenant in relation to Japanese aggression in Manchuria as was the United States, and of why Great Britain is much more interested in invoking certain articles of the covenant in relation to Italy's aggression in Ethiopia than the United States is, and, in fact, than we are. Whether we like to admit it or not, and I for one quite frankly admit it, Canadians are North Americans. We have a divided interest. While sentimentally and patriotically we are bound closely to Great Britain, economically and geographically we are bound to the North American continent. So that we find it difficult—at least I find it difficult, and I believe a great many other Canadians do—to be as enthusiastic about invoking sanctions in Europe at the moment as Britishers are. I find myself irritated by the continued animosity of Europeans; I find myself remote from these continual quarrels, and I believe we all do—which is only another way of saying that we live on the North American continent. I venture to say that if the English channel were as wide as the Atlantic, Great Britain's reaction to European problems would quite likely be exactly ours. I feel therefore that while doing everything we can to foster good will and understanding among English speaking nations, we ought to recognize the differences that exist. If we did we should not be so much disappointed over the lack of British interest in the far east and the lack of American interest in continental Europe. For it simply means that their greatest concern is respectively in that area in which their first interest lies.

When I was in the United States shortly before this house opened I heard some Oxford students discussing these questions—and very able young men they were. In my opinion they were stressing unduly this question of friendship between English speaking

peoples; I could not help feeling that they were not recognizing the differences that actually exist. They were more or less chiding the United States for not being as much interested in the European problem as Great Britain was, when it was evident to anyone looking at a map of the world that the United States would not have the same interest. I do not think their visit did any good; I do not think it helped the very thing they came to promote, whereas if they had recognized that each was loyal to the sphere of its first interest they would have accomplished more.

I have always been extremely opposed to war and I am still; but I am not so much interested in whether Canadian boys die in one kind of war as distinguished from another as I am in keeping them from dying in any sort of war. I cannot therefore work up very much enthusiasm about military sanctions. What I want to prevent is war; and in the last two or three years we have found the nations of the world apparently seeking peace in several ways, the three most outstanding being collective security and at the same time, and running parallel, a race in armaments, simultaneously with pacts outside the league, until some writer—I forget who it was—said there was a bad epidemic of pactomania. Now these three methods pursued at the same time do not make sense. I can understand reliance on an armament race and on pacts, but I cannot understand collective security with a race in armaments and at the same time pacts outside the league.

In this house over a long period of years I have noticed the same thing—fear of trying new peace methods. The house apparently has been afraid to abandon the old military methods but has run along timidly with a short step in the direction of peace and a long step on the military road. We have almost forgotten the ideas that emerged from the war. One of the sentences of Woodrow Wilson we ought always to remember; it is: that peace must be peace without victory, for only peace between equals can last. Well, it was not peace without victory and certainly it was not peace between equals; and instead of seeking to make it peace between equals, as time went on, there was a disposition on the part of the league to defend the status quo in Europe. And it is the invoking of sanctions in defence of the status quo that I fear more than anything else.

It is true that the League of Nations has worked out—I am happy about this—the technique of cooperation through conference, and by doing so it has been able to make a very considerable contribution to all the nations and to our common life, which is the community of the world. It is true too that in these conferences many errors have been made from time to time; but it is also true that invariably when errors have been made the nations have been called together again in conference and some at any rate of the errors have been rectified. But though the league has worked out the technique of cooperation through conference, it has never attempted to invoke article 19 of the covenant. This article was read by the hon. member for Winnipeg North Centre (Mr. Woodsworth) but I should like to read it again, because it is that part of the covenant which we shall all have to learn thoroughly in the future:

> The assembly may from time to time advise the reconsideration by members of the league of treaties which have become inapplicable and the consideration of international conditions whose continuance might endanger the peace of the world.

I think the task of the league now is to invoke article 19; and while I certainly have no sympathy with Italy, I do believe that in the long run the invoking of that article is infinitely more important than the whole question of sanctions. In my opinion the future of the league will depend upon its ability to invoke article 19 and to settle perplexing economic and racial problems through the method of cooperation, because it is more and more becoming realized that all nations should have access to raw materials and to areas and to markets. I feel that Sir Samuel Hoare will be remembered, because he made a strong speech on this subject, long after the Hoare-Laval—misnamed—peace proposal is forgotten, because in emphasizing the need of nations having access to raw materials and areas and markets he did strike the thing that is vital. It is true that there are other considerations. The carving up of Europe, the taking away of the hinterland of countries that cannot very well get along as they are now constituted, the dividing of people who should be one racially and culturally, are also grievances that are likely to lead to war. Yet I think that the economic cause is the greatest, and that we need as a League of Nations and as a country that is a member of the League of Nations very seriously to take up the question of remedying these grievances rather than to seek to keep things as they are by using sanctions in defence of the status quo.

While it is true that the principle of graduated responsibility in relation to sanctions has been recognized, I think it has not been sufficiently realized that those who are most involved need to take the initiative and to assume the greatest responsibility in the in-

voking of sanctions. I do not feel that we can forever be rushing to Europe to save Europe from itself—because that is what it almost always comes to. I have, as I said before, lost patience with a continent that cannot evolve some sort of entity, that cannot manage its own trade and language and racial problems. We are a long way from Europe, and there does not seem to me to be any reason why we should forever be thrown into the settling of European disputes. Sometimes I think that if Europe came to realize that the rest of the world were not as interested in her difficulties as she now thinks they are, she might more seriously go to the task of finding a solution of her own difficulties.

I think I have said all I need to say about the need of graduated responsibility and the taking of the initiative and the bearing of the burden by those who are most closely connected with the difficulty. Some one said, speaking on this matter a little while ago, that he thought unless we could settle disputes and difficulties at home there was not so much we could do abroad. I wholly agree with that position. I was reading not long ago a statement by Mr. Halton, writing in the Toronto Daily Star, that one third of the people of Great Britain were not getting enough to eat. May I frankly say that in my opinion the first task that faces Great Britain is the feeding of her own people; and the first task that Canada faces is to take care of those who are not getting sufficient food and shelter and medical attention, who are not given the opportunity of living a full and happy and purposeful existence. That is our first task, as it is the task of every other country. I was reading not long ago an article written by Professor Soddy in which he said that very thing; if we could solve the problem of getting to the people who need it the plenty which we have, war would disappear. Madame Curie, whose middle name I have forgotten, talking in France said the same, that she had lost all patience with the nations of the world because they were willing to spend a great deal of money on armaments and on all the various preparations for conflict rather than upon endeavouring to remove the causes of conflict and to give assistance to their peoples along scientific lines.

It may be that neutrality is not possible. It looked like it during the last war. Personally I would very much rather see us solve our problems collectively, but solve them from a peace point of view, not from a war point of view, because the moment the League of Nations becomes an international war office it defeats, in my opinion, its whole object. Last time we had a holy war, a war in which we were on the right side, a war which we won, so we cannot improve on that; and we came out of it believing that it was a pretty punk affair. So if we are going into another holy war it is going to be a little more holy, because we get that way; we shall be on the right side. But to me that is not good enough. I should like to see us go first at this thing with the will to seek and find in cooperation with other nations a solution of the problem by removing the causes of war. If we fail in that it may be that the North American continent will make desperate efforts to remain neutral. If we do, it will be at great cost. It will cost a great deal in money, it will cost a great deal in pride, possibly in lack of prestige. It will be very difficult for business. So that the first thing that I should like to see tried is to remove the causes of war through collective action; but may I say quite frankly that the second thing is the maintenance of neutrality at whatever cost.

Hon. C. H. CAHAN (St. Lawrence-St. George): I am convinced that if the hon. member for Weyburn (Mr. Douglas) had been in the house during the last ten or fifteen years and had occasion to study carefully the attitude and disposition of successive Canadian governments with respect to the work of the League of Nations he would not have drafted a resolution in the terms in which this resolution is drafted. I recall clearly the fourth assembly of the League of Nations when the draft Treaty for Mutual Assistance was formulated, in 1922 and 1923, and remitted to Canada as to other members of the league for consideration. That discussion and the final action with regard to that draft treaty are very enlightening indeed. Canada rejected that treaty by the reply of the present Prime Minister (Mr. Mackenzie King) in July, 1924, and I think that the general sentiment of the people of Canada supported him in that rejection. But the succeeding assembly of the League of Nations, which met in September, 1924, devised then the Geneva Protocol for the Pacific Settlement of International Disputes. This protocol was also submitted to and rejected by all the British nations who form the British Commonwealth of Nations, as well as by other nations members of the league. And I think that rejection was in accord with general public sentiment in this country.

Again, if the hon. member for Weyburn had followed carefully the disarmament conference at Geneva, at which the late government was

represented by the right hon. member for Argenteuil (Sir George Perley), I think he would have to concede that that government, in exceptionally difficult circumstances, did everything that could possibly be done in the way of securing the disarmament of the great nations. But the fact remains that, conditions being as they then were and now are, it was impossible to bring about a general disarmament. In fact Great Britain, supported by the governments of the British dominions, was and is the only nation in Europe to make great sacrifices by reducing its armaments, both naval and military, in every possible way.

This resolution, therefore, is not drawn up with a clear conception of what Canada has done and what Canada or the Canadian government may be able to do at present or in the future, and certainly I cannot support the resolution in its present form. I am speaking merely for the purpose of reserving the right to discuss, at some later date during the session, certain perhaps minor issues arising out of the Geneva situation, when one of the Geneva estimates is brought up for consideration. The Prime Minister has promised us that an opportunity for such discussion will be afforded on that occasion.

Of course we are all pacifists in this country; we all must and will endeavour to support in the future all efforts of the league to mediate and conciliate between conflicting national interests in the hope of establishing and maintaining peace. The preservation and maintenance of peace was the primary object which the nations had in view in establishing the League of Nations, but now there is another phase of the question to consider when we are face to face with the problem of imposing economic sanctions upon a nation which refuses to comply with the findings of the council of the league. We now see that the league, originally conceived as an agency for the preservation of peace, by having imposed certain sanctions as I think we were bound to do, may nevertheless become an instrument or means for precipitating a great war.

The hon. member for Grey-Bruce (Miss Macphail) made some sarcastic reference to the fact that Great Britain did not take any active measures to impose sanctions at the time of the Japanese-Chinese controversy. It is not always possible to disclose the real reasons for declining to intervene in a contingency such as that which then arose. I know that when I returned from Geneva, as one of the Canadian delegates to the League of Nations, I was denounced on every platform from the Atlantic to the Pacific by reason of some pacific words which I had expressed at Geneva at the time of the Japanese-Chinese controversy. I say now, however, that from the information I had received I was convinced at that time that conditions on the Pacific were such that the imposition of sanctions against Japan might and probably would have led to a naval conflict in the northern Pacific in which, for a time at least, the British flag might have been driven from the north Pacific ocean. That, at least, was the possibility that Great Britain and the British dominions were face to face with at that time.

So, though we may be in favour of sanctions and the interposition of sanctions at the present time, we must remember that the exercise of the coercive power of sanctions in order to impose the will of league members upon a recalcitrant state or recalcitrant states may and probably will result in warlike preparations for defence and for a defensive offence. In a conflict between great nations, as the late war disclosed, suffering and death by shot, shell and gas are no more deplorable, in the minds of those who suffer from sanctions, than suffering and death resulting from starvation. A first class power, under present world conditions, before hostile embargoes and sanctions can complete their work, may prefer to resort to offensive military and naval action in the hope of ensuring its own political survival.

I am not contending now that the interposition of sanctions against an aggressor is not necessary at the present time, or that such imposition may not be necessary in the future, but I do suggest that our government and our people, when deciding to impose sanctions, should not conceal from the public view, but should frankly disclose the fact that sanctions are not wholly pacific measures, and that governments which resort to sanctions may be compelled to prepare for war. The war which is induced by the imposition of sanctions for the purpose of coercing an aggressor state into subjection to the will of other states may be a just and righteous war. I am disposed to think that if war should ensue from the conditions which now prevail between Ethiopia and Italy, that war on the part of the members of the league would be a just and righteous one. Nevertheless such a war, though just and righteous, will entail suffering, death and widespread destruction of property. But Canada, as a member of the

league, bound by the covenant of the league, must face such possibilities. Therefore I trust that the peace loving people and the peace societies of Canada will not be blinded to the stern realities of the present international situation.

Sometimes it has seemed to me, particularly in recent months, that our peace societies which were formed for the preservation of peace have diverted their energies from their original aims and are devoting them at the present time to devising measures for the punishment of an aggressor, even at the cost of war on a great scale. Certainly pacifists in this country should assist in every way for conciliation and mediation before resorting to the extremity of war. But if it should now appear that the imposition of economic sanctions against Italy precludes the success of Italy in the Ethiopian field I think we should envisage the possibility, if not the probability of the executive head of the Italian nation precipitating a death struggle by striking suddenly in the Mediterranean with his aerial and naval forces. The British government have certainly taken cognizance of the actual conditions and are providing for security against that possible action. As that question may be discussed in parliament at greater length on the estimates, I wish to reserve the right to discuss it at that time rather than enter upon any detailed discussion at present.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I hope that, if there are other hon. members who wish to speak on this resolution, they will avail themselves of the opportunity at once, because I propose at the end of my very few remarks to move the adjournment of this debate. I intend to do so for the reason just given by the hon. member for St. Lawrence-St. George (Mr. Cahan) for not pursuing his discussion further. I mentioned a week ago, I think it was, that the time which I thought would be most appropriate for the house to discuss any phases of the Italo-Ethiopian conflict and other matters related to the League of Nations would be when we have before us in committee of the whole the several items dealing with the League of Nations. I would prefer not to anticipate what I may wish to say with reference to matters that may then be discussed, by taking up time now in debating further this resolution.

I hope the hon. member for Weyburn (Mr. Douglas) will not mind my saying that I think his resolution would have been better drafted if he had not attempted to embody within its provisions as much as he has. I agree with hon. members who have spoken, some members of his own group, when they said that the resolution as framed is a bit confusing; it is, I think, in some particulars inconsistent. At any rate, it does not afford us an opportunity to discuss the real issues either as respects the present position of the league or the imposition of sanctions. These may, as I have said, be better discussed when we come to deal in committee of supply with items pertaining to the League of Nations.

However, I do not wish to let this occasion go by without joining with my friend the hon. member for Winnipeg North Centre (Mr. Woodsworth) in deploring the speech which was made at montreal on Saturday evening last by the Italian Consul General. I think that speech was very ill-advised, and in the circumstances quite improper. I would say that a discussion of the policy of Canada by a representative of a foreign government is not in accord with the established rules and conventions of international intercourse. It would constitute an attempt to influence opinion against a policy adopted by the government of Canada. It is true that the rules regarding consuls are not as strict as in the case of diplomatic officers, and the present situation might, I suggest, be considered as being in the nature of a serious error of judgment rather than a violation of international practice. In the light of existing conditions in other parts of the world we might well take that view of the matter at the moment. But if an incident of the kind should occur again the government would certainly have no option but to make immediate representations to the government of the country concerned with respect to what was said by its representative in Canada.

Mr. WOODSWORTH: In that connection might I ask the Prime Minister if the interests of naturalized Canadian citizens could be protected, that there should be no intimidation of Italians resident in this country?

Mr. MACKENZIE KING: Certainly the government would not permit intimidation of any residents of this country if it is at all within its power to prevent such, and I imagine it has ample powers to that end.

On motion of Mr. Mackenzie King the debate was adjourned.

FARM IMPLEMENTS

PROPOSED INQUIRY INTO HIGH PRICES WITH PARTICULAR REFERENCE TO INCREASES FOR 1936

Mr. J. FRED JOHNSTON (Lake Centre) moved:

That, in the opinion of this house, an immediate inquiry should be made under the provisions of the Research Council Act, chapter 177, R.S.C., 1927, or by other means into the causes underlying the high price of farm implements, with particular reference to the advance in prices for the year 1936.

He said: In moving this resolution I do so in the interests of what I think all hon. members of the house admit to be the great basic industry of agriculture. Anything that affects the welfare of that industry affects the well-being of all the people of this country. The resolution speaks for itself. There has been a sharp increase in the price of those implements that farmers have to use. We all know that nearly fifty per cent of the people of Canada live in the rural sections. Until very recently more than fifty per cent of our people resided in the rural districts; the census returns of 1921 indicated that fact. Ten years later at the time of the census of 1931 a change had taken place and over three quarters of a million more people resided in urban centres than in the rural districts. Even to-day in this country we hear some talk about bringing more people into Canada, and inducing people now resident in urban centres to return to the land. The figures I have given indicate that in recent years the trend has been not back to but away from the land.

Our friends in this country who manufacture farm implements and machinery claim that they are not making money, and if we look at their annual statements we may be convinced that in recent years they have not been making money. Why have they not? To my mind there is just one reason, a very simple one, and that is that the farmers have not been purchasing the products of these factories. And the reason they have not is the very good one that the farmer has not the wherewithal to buy them. I have in my hand a bulletin issued by the bureau of statistics in 1934 dealing with this matter. In table No. 1 on page 2 of the bulletin we find statistics of farm implement and machinery industries in Canada. The figures are given for the years 1920 to 1934, both inclusive. Time will not permit me to give the list in detail, so I shall content myself by giving the figures for the years 1929, the peak year, and 1934. The following table will serve to show a comparison between these two years:

Year	No. of plants	Capital employed	Average number of employees	Salaries and wages	Cost of materials at works	Selling value of products at works	Value added by manufacturing
1929	62	103,356,773	11,408	$14,775,889	$19,016,981	$40,659,479	$21,642,498
1934	35	55,742,696	3,706	3,776,918	3,632,821	8,817,756	5,184,935

In taking the year 1934 I have not taken the one with the smallest output. The years 1932 and 1933 will show a greater shrinkage than does 1934, because in that year there was an increase over the two preceding years. The figures in another table before me are illuminating, because they give the apparent consumption of farm implements and machinery in Canada. Again taking the years 1929 and 1934, the figures are:

Year	Production of the farm implement and machinery industry (selling value at works)	Imports	Exports and re-exports	Apparent consumption
1929..	$40,659.479	$31,845,326	$20,118,978	$52,385,827
1934..	8,817,756	3,204,029	3,351,220	8,670,565

These figures are sufficient indication as to why we have unemployment in this country, why machinery companies are not making money and farmers are hard up. I believe these figures give the whole story in connection with the manufacturing of farm implements. Why have not the farmers been purchasing? To answer this question we turn to certain information appearing in a bulletin on agricultural statistics for March, 1932, issued by the bureau of statistics. We find that the estimated gross annual agricultural revenue of Canada for 1925 was $1,709,815,000; in 1926 it was $1,714,477,000; in 1927, the peak year so far as agricultural production is concerned, it was $1,825,950,000. In 1929 there was a drop to $1,631,081,000; in 1930 there was a further shrinkage to $1,235,319,000; in

1931 the amount had shrunk to $839,881,000, and in 1932 to $766,794,000, or a little less than one-half of the peak year. In 1933 it had risen to $802,946,000, and in 1934 there was a further increase to $931,347,000.

These figures indicate clearly why farmers have not been buying and why machinery manufacturing concerns have not been selling their products. The question as to the price of farm implements is an old one. I find that in January, 1911, the then hon. member for Portage la Prairie, Mr. Meighen, moved the following resolution as it appears at page 1915 of Hansard for that year:

> That, in the opinion of this house, a substantial reduction in the import duties on agricultural implements is now due the agriculturists of Canada, and is in just accord with the true ends of a protective tariff.

My reasons for referring to this resolution are that the then hon. member for Portage la Prairie at a time twenty-five years ago felt it incumbent upon him, as the representative of a rural constituency, to bring this matter to the attention of the house. At that time the price of agricultural implements in Canada was just about one-half of what it is to-day, while prices of commodities the farmer has to sell were higher than they are at present. Is there any reason why these implement companies are not able to sell the products of their factories? How can farmers buy when, although what they have to sell has not increased in price, prices of the machinery he must buy to cultivate his farm and harvest his crops have almost doubled. Speaking to his resolution the then hon. member for Portage la Prairie said this:

> I call the attention of the house to the present conditions with regard to agricultural implements. I have chosen this field not because there is nothing else that could be the subject for attack, but because observation has shown me that a very strong argument can be made in that field and because also, it seems to me, a better purpose can be served by a clear cut and definite discussion of one class of business rather than by a rambling one over the whole field of our tariff list.

That was the hon. member's idea at that time. To-day if we are going to solve the problem we shall have to take account of some of the other matters referred to in that statement. The high price of farm implements is not going to be met by considering high prices alone. Other matters will have to be looked into. In those days, Mr. Speaker, as I have stated, the price of farm implements in Canada was just about one-half of to-day's price, and still we have this increase. When I decided to place my resolution on the order paper I wrote to the different machine companies asking for their price lists and I have them before me. I intend to give the house the changes that have taken place in prices during the last few years. In some cases the prices that have been given me are only for the years 1935 and 1936.

First I will give the prices of the Cockshutt Plow Company. As most hon. members know, the Cockshutt Plow Company builds a complete line of farm machinery, and I have under my hand their prices on four machines that are used on every farm in Canada. The prices that I am now going to quote are given me as being applicable to the Winnipeg district.

The price of a Cockshutt Plow Company eight-foot binder with pole truck and four-horse trees—that means fully complete, with everything ready to hitch on to—was in 1930, $275. In 1934 there was a drop in price. It is very significant, and I hope hon. members will note it. While the price in 1930 was $275, the price in 1934 was $261; in 1935, the same price, $261, while this year, 1936, the price has advanced to $278, or an increase over last year of $17 for that machine.

I take next their 24-run double disc drill. The price in 1930 was $308; in 1934, $291; in 1935, $291; and for this year, 1936, $305, or an increase of $14.

Their eight-foot tractor disc harrow was sold in 1930 for $126; in 1934 the price was $115; in 1935, $115; in 1936, $118, or a slight increase amounting to three dollars.

Their 28-inch Jewel gang plough sold in 1930 for $152; in 1934 the price was $137; in 1935, $137; in 1936, $140, or an increase of three dollars.

Now I will give the prices of the Massey-Harris Company, and I might say that they have given me prices only for the years 1935 and 1936. The same eight-foot binder for which I have given the price of the Cockshutt Plow Company was sold by the Massey-Harris Company in 1935 for $278.50, and in 1936 for $291, or an advance of $12.50.

Mr. BENNETT: Is that for the Winnipeg district?

Mr. JOHNSTON (Lake Centre): The Regina district. The Massey-Harris Company's 24-run double disc drill sold in 1935 for $301, and in 1936 for $315, an increase of $14.

Their tandem disc harrow, (14-disc out-throw and 16-disc in-throw) sold in 1935 for $129, and in 1936 for $131, an increase of $2.

There is no change in the price of their 14-inch two-furrow gang plough, the price being $145.50 for 1935 and 1936.

Now I will give the prices of the International Harvester Company of Canada, Limited, and I think these prices are for the Winnipeg

district as well. Their eight-foot binder sold in 1935 for $263, and in 1936 for $281, or an increase of $18.

Their 24 double disc drill sold in 1935 for $284, and in 1936 for $298, or an increase of $14.

Their 16/16 horse tandem disc harrow sold in 1935 for $137 and in 1936 for $142, or an increase of $5.

There was no change in the price of their 14-inch gang plough, the price being $133.50 in both years.

Then there is the question of parts for a tractor that is admitted free, but that has been dealt with, and the other evening the Minister of National Revenue (Mr. Ilsley) gave a ruling which partly meets the case.

While the price changes that I have quoted may not strike hon. members as being tremendous, when one takes into consideration the high prices at which these machines were sold even before the increase this year, and what these high prices must mean to those farmers in Canada who have not been able to purchase implements at all during the last number of years, I think hon. gentlemen will agree that the increase is material.

Again, Mr. Speaker, if the machine companies expect to do more business, sell more machines, how are they going to do this with an advance in price? It strikes me that the only way by which a machine company can expect to make more money is by reducing their prices and increasing their volume. If a farmer could not buy a binder last year at the price then quoted, how is he going to buy one this year when the price has been increased? It is a well known fact that western Canada, in particular Saskatchewan, is almost bankrupt of farm implements. For the last number of years we have not been able to secure crops and our farmers have been patching up their old machines trying to get along as best they can. I wonder if that is the reason why the machine companies are advancing their prices. I would not want to think it was.

Mr. SENN: May I ask the hon. member when these recent price increases became effective?

Mr. JOHNSTON (Lake Centre): I have given the house the figures sent to me by the machine companies themselves from their head offices at Brantford, Toronto and Hamilton, and I do not think they give the particular dates these prices became effective, but they take effect this year. I have taken the matter up with some of the local agents and they have advised me that these are the prices for this year.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. JOHNSTON (Lake Centre): When the house rose at six o'clock I was endeavouring to point out why farmers had not been buying implements and why the machine companies had not been making profits in recent years. I pointed to the loss in production by the agriculturists of Canada during the last number of years and also to the shrinkage in sales of farm implements. I wish now to call attention to another bulletin issued by the bureau of statistics, bulletin No. 33. In that return we are informed that those of our people who are engaged in manufacturing plants in this country earn an average of $1,038 a year while those engaged in agriculture have an income of $319, or just about one-third. I suggest that our farm implement manufacturing friends are not going to make very much money while that condition continues.

On Saturday last I clipped from a newspaper a dispatch from Brantford, Ontario. It reads:

> Sales of Cockshutt Plow Company Limited rose 42 per cent last year over the 1934 business, though still below 1929 and 1930, Colonel H. Cockshutt, chairman of the board, reported yesterday to the annual shareholders' meeting. Prospects for this year, he said, were optimistic.

I think Mr. Cockshutt has not been travelling through the western provinces to any great extent when he makes that conjecture. Those who are acquainted with conditions in the prairie sections of Canada know that the reason the farmers have not been buying implements during the last four or five years is, as I stated before the dinner recess, that they lack the purchasing power, and that purchasing power has not been increased in recent months. I am afraid Mr. Cockshutt will be disappointed if he expects to increase the volume of his output very materially this year.

With regard to the whole matter I would say this: People engaged in agriculture in the part of the country from which I come are not now asking nor have they ever asked for protection as a permanent policy. What the people of my province feel is that they have been subjected to a tax through the tariff and have been called upon to pay tribute to the manufacturers of eastern Can-

ada; and they are not to-day, even though the price of wheat be pegged, asking for protection as a permanent policy. There are those in the section from which I come who feel that ever since 1878, when the old national policy was introduced in Canada, agriculture has been called upon to pay tribute through the customs tariff. When a resolution was brought forward twenty-five years ago by the member then representing Portage la Prairie the duty on farm implements was twenty per cent, while the price of these implements, as I have already indicated, was just about half what we are asked to pay to-day. As hon. members who were in the house at the time will recall, in 1924 the government of that day reduced the duties on farm implements to a material extent. On the major portion of implements and machines used in western Canada and in other parts of the country the duties were reduced from 17½ to six and ten per cent. There was in the price to the farmer some slight reduction, but not a corresponding one, not one to equal the reduction in the customs tariff.

Then we come to 1930, when there was a change of government, and the duty on this class of machinery was increased from six and ten per cent to twenty-five per cent, with the result that prices of farm implements were reduced by these same machine companies. That was pleasing to some hon. gentlemen opposite, but I suggest to them as to all hon. members that that does not solve the problem. These reductions were made following the increase in tariff in 1930. On the first of January this year Canada put through a trade treaty with the United States and these duties were reduced by fifty per cent; that is to say, a reduction in the duties on farm implements from twenty-five to 12½ per cent. But what a surprise it was to the farmers of western Canada to learn that these machine companies, instead of passing on the benefit to the farmer, were increasing the prices of machines. I learned of this just before leaving home to come to Ottawa, and when I was passing through Winnipeg I attended a motor show that was being held in that city. While strolling through the building I noticed certain signs which were headed with these words:

Price reductions because of Canada-U.S. trade treaty.

I went to the trouble of taking down some of these price reductions on motor cars, because it is a fact well known to all of us that farm implements, generally speaking, are made from steel and iron and materials of that kind, as are motor cars. The machine companies give as a reason for the increase in the price of farm implements the increase in labour cost and the increase in material cost. Well, if this applies to the farm implement people, surely it must also apply to the motor car people. But we find that while the farm implement manufacturers are raising their prices the motor car people are able to announce their reductions by reason, as they state, of the Canada-United States trade treaty. On seven different types of Nash cars the reductions ranged from $165 on a three passenger coupe to $212 on a six passenger sedan, very material reductions; and on three higher priced cars of the same make the reductions were $240, $261 and $368. On nine low priced Lafayette cars the reductions ranged from $116 to $181. I suggest that this in itself gives me or any other member sufficient ground for bringing the matter to the attention of the house. The motor car manufacturers can reduce their prices, and the class of people who are buying motor cars are in a better position to pay higher prices than are the farmers of western Canada who have been without crops for a number of years past.

Is it worth while to do something to assist agriculture? There are those in the country and probably some in this house who think that we are over-producing; that there is too great a production, and that probably it would not be a bad thing to let the farmer become hard up and in that way curtail production. I do not subscribe to that policy. I rather feel that there is not over-production but under-consumption in this country, and the reason we have under-consumption is because the great masses of the people of not only Canada but other parts of the world lack purchasing power.

I noticed an article in the Montreal Standard a week ago. It is headed thus:

Billion Dollars' Worth of Food. This Extra Amount Required for Stamina of Britons—

And so on. The article reads:

Ottawa, February 15—
Canadian farmers may be intrigued by the possibilities of prosperity which might arise from increased demand for their products if the people of Great Britain attained the standard of living which Sir John Orr thinks they ought to enjoy.

The article continues:

Addressing the British Association of Science, Sir John said he thought the food budget of British families should be £200,000,000 greater than it is. Then the consumption of food would only be on proper scale needed to maintain the stamina of the race—

And so on. If that is only twenty-five per cent true there is a potential market there for Canadian farm products. I will quote another authority, one known, I think, to many hon. members of this house, Doctor Harold G. Moulton, President of the Brookings Institution of the United States. Doctor Moulton has this to say:

> A seventy-five per cent increase in production would be necessary in order to supply the entire population with the goods which the Department of Agriculture considers essential to a "reasonable" standard of living.
>
> The obvious conclusion to be drawn at this point would be that American consumption is potentially enormous, that American production is potentially much larger than actual production has ever been, and that the defect in the system lies in the element which connects the two to each other—the element of purchasing power. If the great mass of the population has incomes too small to enable it to buy what it wants and if an infinitesimal minority has incomes larger than it can spend, then consumption will be less than it could be and production also less.

Doctor Moulton continues:

> To attain the standards of living desired by the American people the national output of goods and services must, as our earlier statistical studies of production and income prove, be greatly increased.

I should like, if time would permit, to continue that quotation to the end, but I see that my time is drawing to a close. To conclude: Part of that quotation reads thus:

> Year in and year out, production has not been in excess of consumption; even during the period of the twenties when production was it its peak, there was no large accumulation of unsold inventories but, on the contrary, a frequently remarked growth of hand-to-mouth buying, with merchandising stocks kept at a low ponit. So-called overproduction made its appearance, as always, in the ensuing depression when consumption fell off faster than production could be curtailed. But production, even then, soon conformed to a diminished demand, and there was a balance on a plane of lower living standards.

That is Doctor Moulton's opinion, and I think it is a sound one. But with regard to all this, the farmers of this and other countries who have been living under a policy similar to ours find themselves ground between the millstones of drastically lower prices for what they have to sell and of higher prices for their implements which are, after all, the raw material which they must have if they are to carry on their work. The farmer is forced to buy in a protected market while forced to sell in the open markets of the world, competing against all comers. This situation to my mind is wrong: it is deserving of the best attention and consideration of all hon. members.

I should like to bring many other matters to the attention of the house, but I see that my time is up. Let me in conclusion, as one Canadian to others, solicit the support of every hon. member and the employment of his best thought to bear upon the solution of this problem. I wish I could get the support of the right hon. gentleman (Mr. Bennett) who now leads the official opposition in this house. With all his ability and his capacity for effort, with all his driving force that secures results, I am sure that if we could only get him on the right track to start with we should find the solution of this problem. I know that this matter will receive the earnest consideration of hon. members, and I hope that if a solution is to be found we shall bend our efforts towards getting it at an early date. To-day the western farmer is in such a position that he is bankrupt of machinery. It is not in the best interests of this country, no matter in what part of it we live, that such a situation should continue any longer.

Mr. R. J. DEACHMAN (Huron North): If we take the price level of 1926 as equalling 100, the price level of farm products in 1913 stood at 64, and the price level of manufactured products at 64·8. In 1935 the price level of farm products stood at 63·4, or just slightly below the level of 1913, and the price level of manufactured products at 73·3. Manufactured products were therefore 15·6 per cent above the level of farm products in 1935. If we turn to agricultural implements—and I quote now from figures presented by the agricultural implement companies before the price spreads committee—we find that the average price level of nine implements produced by the Massey-Harris Company stood at $86.39 in 1913 and in 1930 it stood at $130, or an increase in that period of fifty per cent. While the price level of implements is fifty per cent above what it was in 1913, that of farm products remains almost exactly the same.

Mr. SENN: Would the hon. gentleman also give the amounts of profit made by the companies?

Mr. DEACHMAN: My hon. friend will have to wait for that. I cannot give it all in one sentence.

Mr. SENN: I have it before me.

Mr. DEACHMAN: We will come to that later. This means that the farmer who in 1913 laid down $100 worth of goods for farm implements must now lay down $150 of his products for the same farm implements; and as the price level is the same it

means that whereas in 1913 he laid down one hundred units of goods for a machine, he must now lay down one hundred and fifty units of goods for the same machine.

It is very interesting to take the figures showing how this amount of $130 is made up. There was $42.08 of raw material and $6.33 worth of direct factory labour. Those two, amounting to a total of $48.41, were transposed into an agricultural implement which sold for $130 to the farmer in Regina. I wish to call the attention of the Minister of Finance (Mr. Dunning) to that particular item. We have had during the past few years a tariff of twenty-five per cent on agricultural implements. Raw materials and labour combined in this particular example cost $48.41. Twenty-five per cent on an implement costing $130 would be $32.50, so that the tariff imposed by the previous government amounted to almost seventy per cent of the value of the raw material and direct factory labour going into the implement, and now the tariff would amount to nearly thirty-five per cent of the raw material and labour cost. In addition there was $20.92 for agent's commission, $16.58 for freight, $26.42 for other factory expenses, and gross profit before selling expenses, $17.67.

I should like to direct attention to the increase in these items which took place between 1913 and 1934. The agent's commission increased by $10.98, which was 101 per cent above the agent's commission in 1913. Freight cost thirty-four per cent more; materials cost sixty-four per cent more; labour cost twenty-seven per cent more and other factory expenses, largely overhead, increased by 246 per cent over 1913. If you will note these figures you will see that labour was not getting an excessive amount out of the cost. The increase in the cost of labour, the direct factory wages, amounted to only twenty-seven per cent, while nearly all the other items entering into the cost were almost doubled, so that as far as factory wages were concerned it does not seem that the tariff of twenty-five per cent was of any particular benefit, though it may have helped to keep up the price of the implements.

Now I come to the question which has been raised by my hon. friend. Of this increased cost $43.61 is added to the price of the implement and the balance, $8.21, is taken out of the gross profit of the manufacturer. Management, pensions, selling costs, collection expenses, bad debts, depreciation, experiments and other general expenses on this list of implements would amount to approximately $50, which sum has to be paid out of the $17.67 gross profit of the manufacturers. Clearly they are not making money; I quite agree with that, but there is a reason why they are not making money and to that I now wish to direct attention. The ability of the farmer to buy has been destroyed, and as a result the farmer is no longer able to buy agricultural implements. It follows, naturally, that we are driving capital and labour out of the production of agricultural implements and into the production of other commodities which have a broader field and a wider market, and the inevitable tendency of this policy, if continued, must be to make things cost more and more as far as the farmer is concerned. With that, possibly, there is a tendency also to bring down the prices of other products which are bought by the wealthier classes of the community. I submit, Mr. Speaker, that when the farmer has reached the position where he must pay fifty per cent more for the articles he buys than he paid in 1913, we have before us a problem which requires the most careful study, thought and attention. We cannot build an industry in this country upon a decadent agriculture; the history of the agricultural implement business in Canada is ample proof of that statement.

I now come to the question of what constitutes the remedy. I admit that this is perhaps a more difficult problem in connection with agriculture than in connection with any other single item confronting the house to-day, for the simple reason that this process has gone on for a long time. We have built up this situation by what might be considered fifty years of mistaken economic policy. I know it was intensified in 1930. I do not want to make a political issue out of this matter, but it was intensified in 1930 because the government of that day held that it was essential, in order to preserve the integrity of the nation, that we should raise the tariff on all the products the farmer had to buy. But, Mr. Speaker, if the integrity of the nation had to be preserved by that process I ask this house what is to happen to the integrity of agriculture and what is to follow if, in the years to come, we continue on the basis upon which we are building now, day by day destroying farm purchasing power in every possible way and still expecting that we should live on the natural resources of the country? I tell you it cannot be done.

What must we do? Well, I think the government have made a small step in the right direction; I think they are moving, but they are moving very slowly. I believe, as everyone in the house must, that there is a tremendous amount of ground to cover if we are going to restore agriculture to the parity which existed in 1929 and 1930 or in 1913.

We have come a long way from that, and we cannot get back by simply cutting little bits off the tariff here and there. We must restore equilibrium between the prices of manufactured goods and the prices of farm products. This cannot be done by any slow, measured process, because the farmer is perishing while we fail to act. Somewhere in a park in France there is a sun-dial on which is carved these words, "It is always later than you think." I place that problem before the government to-day, before those who are on the opposite side physically but with me spiritually. They are in the beginning of their effort; they have made a start. We who think as they do are grateful for that start, but we must go forward steadily and swiftly in the direction in which we have started, or at the end of the next few years we shall find that the farmer's problem still remains unsettled. And if it is not settled by that time we shall have to find some other way of settling it, which way may not be as satisfactory as we would wish.

I believe it is possible to do many of these things. I believe the other nations of the world want trade just as we want it. Trade is a natural human instinct. It starts with a boy when he begins to swap jack-knives at school; it will never end so long as there is business instinct left in man. There is no reason why, with the situation as it is, we may not hope for a steadily expanding market. We have not succeeded in the past, not because there was no market but because we were unwilling to make the necessary move to obtain the market. If we are willing to exchange our products for those of other people I have no doubt that we shall find other nations equally willing to do the same, and in that way we may re-establish the agriculture of the dominion on some such basis as that on which it rested in the old days.

Mr. W. R. MACDONALD (Brantford): Before entering into the debate on this motion, allow me, Mr. Speaker, on this my first opportunity, to congratulate you on the high honour which has been bestowed upon you. If the Prime Minister (Mr. Mackenzie King) were in his seat I would take this opportunity of felicitating him on the high honour conferred upon him by being elected to the eminent position of Prime Minister of this dominion. I trust some of his colleagues will deliver this message to him. I further congratulate him on the body of men with whom he has surrounded himself and who now form the cabinet of this country. It was said of the late Sir Wilfrid Laurier that he surrounded himself with a cabinet of talents. I hope the present cabinet will prove to be at least equal to and probably greater than that of the late Sir Wilfrid Laurier.

As I rise to speak to this motion I do so not for the purpose of defending or condemning the agricultural implement manufacturing companies. I rise because I am honoured to represent that great industrial centre, the city of Brantford, in which are situated two of the largest farm implement manufacturing companies in the dominion. During the days of prosperity under the former Liberal administration there were employed in those factories approximately three thousand men. Unfortunately, during the last few years the number employed has decreased at times to less than eight hundred. Therefore I feel that I would be recreant to my duty if I did not at this time say a word on behalf of that great band of loyal workers who have struggled honestly for years to turn out the implements which reap the crops of this country. We have heard a great deal of the hardships of the farmer, and far be it from me to belittle them. I know the trials and difficulties of the farmers. But I would remind the house that others also have suffered trials and difficulties. We have heard that a large percentage of the farmers are in virtual bankruptcy. I would remind hon. members that in Brantford approximately one-quarter of the population was not only in virtual bankruptcy but would have been in actual need had it not been for government assistance. In January, 1935, out of a population of about 30,000 there were on actual relief 7,237 people, or approximately twenty-five per cent. This year I am happy to say that that number has decreased to 5,719, but it is still about twenty per cent.

It has been said that in 1929 there was produced in this country about $40,000,000 worth of farm implements. In 1932 that production decreased to about $5,000,000. In 1926 farm implements amounted to 1·18 per cent of the total manufactures of this country, while in 1932 farm implements amounted to only 0·32 per cent of the total. I mention these figures so that hon. members will have some idea of the effect that has had on Brantford. It means that the working men of that city have been out of employment; they have had to struggle to maintain their standing in the community. I bring this matter to the attention of the house in order that we may all realize that Canada must be looked upon as one great country. I do not believe in sectionalism; I do not believe in provincialism. We cannot set the east against the west; we cannot set Ontario and Quebec against the maritime and the western provinces. The farmers must not be set against

the manufacturers, or manufacturers against working men or working men against farmers. We must regard these problems as our common problems, and as a united people, not as one class only in the nation, try to solve them.

I should like at this time to clear up some misconceptions. Naturally the farmers buy a considerable number of farm implements. I have in my hand a chart which appeared in the Nor'west Farmer, a journal of very high standing published in western Canada. According to this chart, of the total income the farmer receives he spends only three per cent on farm implements and repairs. Not a very large percentage of his income, hon. members will agree. I also notice that he pays eight per cent of his total gross income for interest, and eight per cent for automobiles. The amount he spends on farm implements and repairs is less, I am safe in saying, than he spends on any other class of goods. So it must be agreed that farm implements are not his major expense.

Then, as has been stated by two former speakers, the implement companies have not made money. I am glad that statement has been made, because there is a feeling abroad—I have met with it from time to time in conversing with members of this house and other people throughout the country—that the implement companies have been making a great deal of money. They have not. During the last five years one company not only has not made any profits but has gone behind $20,000,000. The other company in my constituency has lost all the surplus it had and is in debt to a very large amount. With regard to the investors in those companies, very little has been paid to them. One company did pay dividends to its shareholders in 1928, but at the time it commenced to pay those dividends it was sixty per cent in arrears on its preferred stock, which showed that it had not been making much up to that time. That company paid dividends for two years and for two quarters of 1930, but since then no dividends have been paid. I have heard it said that the deficits of those companies are due to a large extent to bad debts. True, there have been many bad debts, and the debtors of course are the farmers of this country. One company informed me that during the last three years their collections were as follows: In 1933 they collected twelve per cent of their outstanding accounts; in 1934, eighteen per cent and in 1935, sixteen per cent; and it cost them each year to collect those debts fifteen per cent of what they collected. So there cannot be much money in that.

I should like to remind hon. members of certain laws in effect in Canada. For instance, when an implement is sold the company may take a lien on it. The farmer does not pay cash. In the event of non-payment, however, the manufacturer cannot go in and seize the implement, simply because he happens to hold a lien. The law has been changed so that the farm implement manufacturer must go to the commission to obtain its permission to seize the implement. The chances are that the commissioner will say, "Well, let the farmer keep it a little while longer. Let him keep it another year, anyway, and we will see what will happen then."

I would draw hon. members' attention to the fact that if through no fault of his own a farmer does not pay his debts, or cannot pay them, he has some recourse. He may go to a board which has been set up under the Farmers' Creditors Arrangement Act, and in the event of his owing one of the farm implement companies an amount of, say $800, the chances are that the official on the board will say, "Do not worry about the farm implement company; pay them $200, and call it square." The farm implement company has no recourse. I mention this point to show that the farmer has been receiving some consideration. I do not want to set the farmer against the workingman, but I must remind hon. members that if one of the workers in the factories of Brantford cannot pay his debts he is not protected by a creditors arrangement board. His creditors enter a claim in the courts, and in the event of their obtaining judgment against him they seize all he owns. There is no recourse for the workingman; he has to pay. I sometimes hear it said that the manufacturer wants to beat the farmer, but I do not believe that is right. The manufacturer knows that the farmer is his sole customer.

One of my purposes in rising to-night is to try to instil a better spirit of good will not only between workers and farmers, but among workers, manufacturers and farmers. The statement has been made that prices have increased, and we have been given comparisons between prices of 1911 and those of 1930. I do not intend to meet the argument at length. As a matter of fact I have not a clear recollection of conditions in 1911, but I do know there has been a great change between conditions of those days and those of 1930. Unfortunately the farmer has not benefited to the extent he should have. I know, however, that the city dweller has to pay more for

everything he buys, and that the manufacturer of all lines of articles cannot manufacture as cheaply to-day as he could in 1911.

The hon. member for Lake Centre (Mr. Johnston) stated, quite correctly, that since the war prices of automobiles have decreased. The statement is made that to-day we can buy a better automobile for less money, and on the face of it that would seem to be a good answer to the question: Why should not farm implements be in the same class? I would like to remind hon. members, however, that the farm implement business has been in existence for generations, whereas the automobile business started during our generation. Mass production has just developed in the automobile industry, but in the implement industry mass production was at its height before the automobile was invented. For these reasons I would say that the two industries are not comparable. However, if hon. members do wish to make a comparison I would suggest the comparison between the tractor and the automobile. I believe such a comparison will show that to-day the tractor costs just about half, or at any rate considerably less than it did in 1918. Prices of tractors have declined, because in 1918 they were not being turned out in such large quantities as they are to-day.

Certain figures were quoted to which, if I have time, I shall direct my attention in a few minutes. It must be remembered, too, that there have been improvements in farm implements, and that to-day there are certain implements a farmer can buy at the decreased or former price, if he is content to take an obsolete implement, or one that is not quite up to date. Prices of the older types of implements remain where they were, but improvements have been made, and if a farmer wishes to obtain the improved article he must pay more for it. I am informed on reliable authority that to-day the farmer wants the best implements he can buy, and that the manufacturers cannot sell the old style machines because the farmer wants up to date machinery. We cannot blame him for that, because we all feel the same way.

It is true that prices have been increased. I do not deny that between 1911 and 1935 prices were increased, but again I am informed that the implement of to-day is worth considerably more than that of 1911, and if you take into account the repairs which had to be made to the implement of 1911 and compare repair expenditures with what the farmer has to pay to-day, I am advised that the implement sold to-day is a better buy, dollar for dollar, than that of 1911. I would draw the attention of hon. members to the fact that although prices of implements, generally, have gone up a small amount, prices of spare parts have not increased. Prices of spare parts remain as they were.

I shall not go into all the prices quoted by the hon. member for Lake Centre, but if hon. members followed them they would know that in no instance is the price for 1936 greater than it was in 1930. True, there is a slight increase over 1935, but the 1930 price in practically every case was higher than that of 1936. If you take the 1936 price and compare it with that of 1935 you find that the increase by percentage has not been very great. As a matter of fact if one were to take the trouble to figure it out he would find that it comes to only approximately three per cent, while in some instances there has been no increase. I think hon. members will agree that three per cent is not very great.

I suggest that we are not tackling this problem in the proper manner. Again I wish to express my sympathy for the farmer. There are farmers in my constituency, and I should like to see them buy their implements as cheaply as possible. On the other hand there are thousands of working men in that constituency, and I want to see them employed at fair rates of wages. I do not think the time of hon. members should be spent in costly investigation. Last year the farm implement industry was investigated very thoroughly and carefully by the experts of the price spreads commission. They went into every phase of the industry. Is it the desire of the house that in order to investigate this industry we should again spend thousands of dollars of the public money and also have the implement companies spend thousands of dollars of their money? I do not think we should go about the matter in that way. As the increases have been only three per cent, I think we should devise ways and means of obtaining for the farmer a better price for his products so that he will have money with which to buy the necessary implements.

It is my intention to support the treaty between the United States and Canada because I feel that it will put more money into the hands of the purchasing public. In conclusion, let me say again that I trust the house will not decide to spend thousands of dollars to investigate this industry, but will devote its attention to getting more money for the products produced by the farmers so that the working men in Brantford may obtain a fair wage for the work they do and implements may be sold to the farmers at a reasonable price.

Mr. POOLE: Does the hon. member know what wages were paid in 1911 in the production of a binder, and the wages paid in 1936 for the same work?

Mr. MACDONALD (Brantford): I am sorry that I cannot give my hon. friend the correct figures. However I can say on very good authority that the working man is getting more money to-day than he did in 1911. Of course, I am not satisfied with the amount he is getting and I hope he will get even more when conditions return to normal.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, judging from the remarks of the hon. member for Brantford (Mr. Macdonald) I should imagine that a number of hon. members from western Canada will have something to say in respect to this resolution and in reply to the hon. member. I do not propose to take more than a very few minutes in making my remarks. I am behind this resolution one hundred per cent. I think an investigation should be held with respect to the prices of agricultural implements, especially in view of what has happened during the last two months. If there is a nigger in the wood-pile we should endeavour to find out where he is and how he got there.

Mr. EULER: And who he is.

Mr. PERLEY (Qu'Appelle): A study of the tariff is somewhat confusing. During the last four or five years many views have been advanced in the house in connection with the tariff. In the last parliament there were some free-traders and there were some high protectionists. The effects of changes in the tariff upon trade and the price of commodities are very confusing. The hon. member for Lake Centre (Mr. Johnston) was very fair in most of what he said. He quoted prices of implements in 1930, 1934, 1935 and 1936. He referred to the Right Hon. Arthur Meighen and to a resolution which he proposed in the house when he was member for Portage la Prairie in 1911. I think he should have developed further the policy of that right hon. gentleman and told the house what had happened when the latter was Prime Minister from 1919 to 1921. During that time a change occurred in the tariff on agricultural implements. I think it is within the memory of some hon. members that at that time tractors, tractor parts and certain other agricultural implements were put on the free list. In those days there were some twenty concerns producing tractors or tractor parts in Canada. We all know what happened. Prices went up and the industry was destroyed. To-day there is not in this country one concern manufacturing complete tractors or tractor parts.

The hon. member for Lake Centre quoted prices that he had received from the Cockshutt Plow Company, the International Harvester Company and the Massey-Harris Company on binders, drills, disc harrows and gang ploughs. These prices showed that a decrease had occurred in the period from 1930 to 1934 while there had been increases from 1935 to 1936. I also received prices from the Massey-Harris Company and the Cockshutt Plow Company. These prices show increases, but I do not think the reasons given by the companies for these increases are justifiable. We should have an investigation. I expect that a number of hon. members opposite who came from western Canada will support the resolution of the hon. member for Lake Centre. I should imagine that the members from Manitoba particularly will have something to say. I have in my hand an article which appeared in the western press dated Winnipeg, February 27. This reads:

> Urges Protest on Machinery Price Boosts
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> The Manitoba government was charged Wednesday to consult with the dominion administration with a view to bringing the price of agricultural machinery down "to what they were under the Bennett régime."
>
> Quoting from price lists to show that the cost of farm implements was substantially increased this month, A. R. Welch (Conservative, Turtle Mountain) said in the provincial legislature it was the duty of Premier Bracken to press upon Ottawa the need of a twenty per cent reduction in prices.
>
> Douglas Campbell, Progressive member for Lakeside, also complained of higher prices for farm machinery. He stated that the Canadian-American trade agreement had resulted in lower prices for live stock and higher prices for farm machinery.

It is very interesting to know that the Manitoba government is being asked to have prices brought down to what they were under the régime of the present leader of the opposition (Mr. Bennett). I think western members would be wise to support this resolution. I agree with hon. members who have spoken already when they say that the farmers should have an equal opportunity. The hon. member for Lake Centre has said that he should not have to pay tribute because of the tariff or anything else.

I should like to refer to some of the figures quoted by the hon. member for North Huron (Mr. Deachman). I think the hon. member was a little unfair when he took the 1926 figures as his index and then made a comparison between 1913 and 1934. I have before me a list of prices prepared by the Dominion

Bureau of Statistics ranging from 1913 to 1934. These show that it is not fair to use the 1926 figures as an index and then compare 1913 prices with those of 1934. In 1913 we had practically the lowest prices on agricultural implements that we have had in the last twenty-five or thirty years. I think it would have been fairer if the hon. member had made a comparison between 1913 and 1924, which was the peak year. During that period, particularly from 1919 to 1924, we had the lowest rate of tariff. As the hon. member for Lake Centre (Mr. Johnston) pointed out, the tariff had been reduced from twenty per cent to six and ten per cent, and it was during the period from 1919 to 1924, when we had the lowest rates, that we had the peak in prices, in 1924.

Coming to the period from 1930 to 1934, we had a reduction in prices. Those who were in the house in 1930 will remember that in that year there was a change in the tariff; increased protection was given to Canadian industries; the Prime Minister of that day made an agreement with the manufacturers that there should be no increase in price, and there was not; as the hon. member said, there was a reduction. Then we have the price in 1936 as compared with the price in 1935, a considerable increase; it ranges from $2 to $40 on some implements. I cannot see any justification for it, and it must surely be a great shock to the hon. member for North Huron, for he was out in the west in January telling the people what a wonderful deal had been made in the Canada-United States trade agreement in so far as farm implements were concerned, and what the farmers might expect. It must have been a rude shock to all western members to see the price list issued on the first of February showing a considerable increase in the prices that then went into effect.

I do not think it is necessary to take up much more time. I am very much interested in this resolution. I hope it will carry and that the government will appoint a commission or a committee to investigate the matter thoroughly. I trust that western Canada will be well represented by legal talent on such a commission or, if it be a committee of the house, by members from the west, and that every opportunity will be given to inquire into the whole subject with a view to ascertaining the cause of the increase.

The farmers of western Canada are certainly very much upset, for they expected a reduction in price this year. As the hon. member pointed out, much of the farm machinery in the west is worn out. Conditions during the last five years have been such as to compel the farmer to use his old machines and have repairs made to keep them going. But that old machinery is practically worn out and in the next year or two a good deal of new machinery will have to be purchased if the farmers are to carry on their operations with any degree of success. I do hope that this resolution will receive due consideration and that there will be a full investigation.

Mr. J. G. ROSS (Moose Jaw): In supporting the hon. member for Lake Centre (Mr. Johnston) on his resolution, I speak as a farmer of some twenty-five or twenty-six years' experience; farming has been my business all my life. I can assure the house that there was never a time in the history of the west when farm implements were of more importance to the farmer there than they are to-day. Year by year the growing of grain is becoming more mechanized in western Canada. There are many people who advocate the splitting up of lands in the west into smaller farms. In the wheat growing section the trend has been towards larger instead of smaller farms and towards larger instead of smaller machinery. There are certain parts, marginal lands, rolling, hilly or stony lands, where pasture is usually good and where increasingly we shall go into the live stock industry. But on the great plains known as the bald-headed prairie, wheat will be grown for many years to come, and it will be grown by the farmers on a large scale.

The people of western Canada are very much interested in farm implements and anything that tends to increase prices to them is of vital interest to members of the house from western Canada. Before leaving for Ottawa I heard of the rise in prices of farm implements, and at that time I made a statement to the press in my home city. I have always been in the habit of making and I have always been willing to make in the House of Commons any statement I have made either to the press or in public, and the statement I then made was that if in the face of the reduction in the duty on farm implements from twenty-five to twelve and a half per cent under the trade treaty the manufacturers of farm implements in Canada could raise their prices, then that proved that they did not need a tariff. They have practically told this government that they are a combine, and we know that from the price spreads report, because it was shown in that report that there were only three large implement companies practically controlling the Canadian market in the production of farm implements, these companies being the Massey-Harris Company, the Cockshutt Plow Company and the International Harvester

Company. The Cockshutt Plow Company, according to the price spreads report, own and control the fourth company in Canada, the Frost and Wood Company. There were some smaller ones mentioned, but in effect these three companies control the manufacture of farm implements in Canada; and from the prices quoted by my hon. friend from Lake Centre we can see that that fairly well follows through in the prices of implements as given. There is very little difference in the price of any one kind of implement as between one company and another in any one place in this country.

Another reason why the farm implement companies do not need a tariff in Canada is that they have always been large exporters of farm implements to other parts of the world. I see my hon. friend the member for Haldimand (Mr. Senn) shaking his head. According to the price spreads report, from sixty to eighty per cent of the total sales of the Massey-Harris Company in the last seven years has been export business.

Mr. SENN: But the other two are not exporting in the same way.

Mr. ROSS (Moose Jaw): I cannot say how much the International exported from Canada, if anything. I know that they import a great many farm implements. But imports and exports of farm implements into Canada and out of Canada in the last few years have been about equal at all times; we have imported about the same amount as we have exported. If any manufacturer in Canada can export into the world market over the top of tariff walls in other countries, give me one sound reason why we should pay a price here—

Mr. MACDONALD (Brantford): Were the tariff walls there when they were exporting? Were the tariff walls on the foreign countries when they were exporting?

Mr. ROSS (Moose Jaw): Well, they are exporting to the United States.

Mr. SENN: No.

Mr. ROSS (Moose Jaw): They were exporting to Europe.

Mr. BENNETT: They have factories in Germany and they have factories in the United States.

Mr. ROSS (Moose Jaw): They are exporting to the United States now, and always have been.

Mr. BENNETT: What are they exporting to the United States? Well, go on. Excuse me, Mr. Speaker.

[Mr. J. G. Ross.]

Mr. ROSS (Moose Jaw): Threshing machines or separators for the threshing of grain go into the United States in large quantity. My right hon. friend had a tariff of twenty-five per cent on their coming into Canada. If a man can manufacture goods in Canada and sell them in other countries, surely he should be able to sell them in this country without protection. After all, what are we doing when we are protecting the manufacturer of farm implements in Canada? We are paying part of the shot in the manufacture of an implement to be sold at a lower price to our competitors in other countries. That is what we are doing.

Mr. MACDONALD (Brantford): Do you know that for a fact?

Mr. ROSS (Moose Jaw): All my hon. friend has to do is to use common sense. He does not need any facts. This is an agricultural country. Surely if our manufacturers are able to ship agricultural implements out of Canada into other countries which have a tariff, or no tariff, where world competition has to be met, they should be able to meet world competition in Canada. Surely that is a reasonable argument.

An hon. MEMBER: Take the tariff off.

Mr. ROSS (Moose Jaw): And in connection with this tariff—and we have just fought an election largely on it—as a matter of fact back in 1930 my right hon. friend went from one end of this country to the other and told the people at that time that he would put up a tariff to fight for them, to fight their way into the markets of the world.

Some hon. MEMBERS: Blast.

Mr. ROSS (Moose Jaw): Well, "blast" was the word used. At any rate he said he would do that. But that was not the main issue in that election. The issue that the people voted upon was that my right hon. friend was going to end unemployment forthwith. But when 1935 came along my right hon. friend had put into effect a very high tariff policy in this country, and the people from one end of Canada to the other had seen the complete failure of that policy. The people engaged in the basic industries from one end of the dominion to the other voted at this election for lower tariffs on all the implements of production and those commodities which have to be purchased by the basic industries of this country. If we are ever to have prosperity again in Canada we must frame our policies in such a way that those basic industries

may become prosperous, and when that occurs the secondary industries will also become prosperous.

What does the policy of protection do in this country? The hon. member for Brantford (Mr. Macdonald) says that he does not want to set one section of the country against another or one section of the people against another. Neither do I. But let me say this, that the policy of protection as put into effect by the leader of the opposition came closer to dividing this country than anything that has been done in it since confederation. After all, what are we doing? We have been protecting our secondary industries at the expense of our primary or basic industries. We have been drawing into one small section of Canada the lifeblood of every other section of the country. There is not any doubt about it.

My hon. friend tells us that two of the large implement industries are in one city or town in this part of the country. And every farmer in this province and in every other part of Canada must pay an additional price on that account. The same thing holds true of practically every other industry we have in the country. Follow this out and you will find that the very lifeblood of every part of Canada in all the basic or primary industries is being drained into one small centre where the secondary industries are.

That policy did not bring prosperity to Canada. The only thing that can bring prosperity to Canada is to build up the primary industries. My hon. friend says that the machines of 1911 were not as good as are those of 1935. I will grant him that on many of them there have been some improvements. But I have been farming all that time, and I can say that there is very little difference between the eight-foot binder of 1911 and the eight-foot binder of 1936. As a matter of fact if you set the two down together I think you might find that the 1936 binder was a little easier running but that the 1911 binder had a heavier construction and probably would stand up better than one that is built to-day. Let us consider the prices at that time. Somebody gave the price for 1936. I remember a binder I bought in 1911 for $165; the price must be now around $300. At that time the farmer's produce—wheat, at least—was selling for about the same price as it is to-day. It was sometimes a little higher and sometimes a little lower than the set price we now have.

I might say a word on this set price, too. As a grain grower from western Canada I am sorry that we ever had to come to a point at which it was necessary to set the price of wheat in Canada. I have never believed in that kind of business. The farmers of this country do not want to be subsidized; All they want is to be able to but what they have to buy at world prices and to sell at world prices. The policies that have been put into effect by successive governments in this dominion have been such that finally the farmer has drifted to the level at which the government has had to come to his assistance and set a price for his crops. That I think can be done away with rapidly if this government will follow out the policies on which they were elected. We were elected on lower tariff policies. I commend the government for the move that they have made in the trade treaty with the United States but, like the hon. member for North Huron (Mr. Deachman) I say that that is a first step and we must go much further than that.

Since the farm implement people have very plainly stated that they do not need any tariff on farm implements in order to carry on; since they are a combine and will set their prices no matter what the Minister of Finance (Mr. Dunning) does with a tariff or treaty, I would suggest that he start out by cutting off the entire tariff on farm implements. In connection with our industries in this country we have been told for many years by our opponents that if a high protection policy were put into effect people would be put to work. Well, no one needs to argue against that any more; we had that proved between 1930 and 1935, when for the first time the people of Canada were given a real taste of a high protection Tory policy. What was their answer? In the three maritime provinces they did not want that kind of policy at all; they wanted lower tariffs. One Conservative out of twenty-six members was returned to this house. In Quebec the Conservatives did not do much better. In Ontario they were up against the greatest losses they have ever had. In Manitoba they got back with one lone man.

Mr. MacNICOL: Will the hon. gentleman permit an interruption?

Mr. ROSS (Moose Jaw): Surely.

Mr. MacNICOL: The hon. gentleman just remarked that in Ontario they—and I presume he meant the Conservative party—were up against the greatest losses they ever had. I can tell the hon. gentleman—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: What is the question?

Mr. MacNICOL: I just want to correct a statement made by the hon. gentleman. I will ask him to apply his statement to Toronto, Hamilton and London, three cities that benefited very greatly as a result of the tariffs of the Bennett government. They all returned Tories, except two out of the eleven Toronto seats.

Mr. ROSS (Moose Jaw): That is just the little part of Canada about which I have been talking, that has been sucking the life blood out of the rest of Canada.

Mr. MacNICOL: And a very important part, too.

Mr. ROSS (Moose Jaw): Too important for the rest of Canada.

Mr. MacNICOL: It puts up a lot of the taxes of Canada.

Mr. ROSS (Moose Jaw): After it gathers them from other people. As I said before, this policy of protection as put into effect by my right hon. friend for the first time lost out all along the line. They returned one member from Manitoba and one lone member from Saskatchewan, who I am glad to see is supporting this resolution, and I hope he will support the trade treaty with the United States. Then we come to Alberta. If it had not been for the friendship shown by the Premier of Alberta to the then Prime Minister of Canada not one lone Conservative would have come back from the massacre of the plains of Aberhart.

Mr. STEWART: Would the hon. gentleman let me ask him a question? Was the tariff an issue in Alberta, and, if so, what happened the Liberal party there?

Mr. ROSS (Moose Jaw): My hon. friend asks me what happened to the Liberal party there. I will admit that the Liberal party returned only one member from Alberta, but certainly the Conservative party got through with only the then Prime Minister of this country.

Mr. MacNICOL: And he was elected by a clear majority.

Mr. ROSS (Moose Jaw): The effect of third parties in western Canada was more against the then government than against any other party. My hon. friends in the far corner, who say that the people of western Canada are not interested in trade, are lucky that they do not have to go back to the country very soon.

Mr. POOLE: Do not boast; we will beat the two of you.

[Mr. MacNicol.]

Mr. ROSS (Moose Jaw): Oh, I had a social credit candidate running against me, and he lost his deposit.

Well, Mr. Speaker, I heartily endorse the resolution moved by the hon. member for Lake Centre (Mr. Johnston), and I would go further. I hope that without too much investigation, because I do not think it is necessary, and without too much delay the government will take action in connection with this matter. When a combine, a practical monopoly, defies the government of the people of Canada it is high time for the government to teach it a lesson.

Mr. H. W. WINKLER (Lisgar): Mr. Speaker, I should like to address a few brief remarks to the resolution before the house, particularly with regard to its effect upon a certain section of rural Canada which lies along the international boundary. I refer particularly to the great drought area of western Canada, where for the past six years there has been a prolonged drought such as has never been witnessed before. This condition has had a disastrous effect upon the population of the west. In the riding which I have the honour to represent there are sections where for six years in succession they have had drought conditions, and you can imagine the plight of those people today. Their houses and farm buildings have depreciated very badly and their live stock is greatly depleted, in spite of the fact that this is a mixed farming area. The situation has become so serious that in the main taxes have been consolidated, which means that the taxes have been put on an instalment basis over a period of years.

In addition to all this, the question of farm implements has become very acute. During the last six or seven years very few farm implements have been purchased by these farmers; very little repairing has been done, due to a lack of finances, and as a result we find most barnyards completely filled with junk. Under the circumstances it will be understood that in connection with the replacement of this machinery these farmers are faced with one of the greatest problems of their lives. So the resolution before the house this evening concerns them very materially. The farmers of this district have a right to know why prices of agricultural machinery have risen, and this resolution seeks to disclose exactly what they want to know.

Mr. JOSEPH NEEDHAM (The Battlefords): Mr. Speaker, representing a western constituency I should like to say a few words on the resolution now before the house,

though very little can be added to what has been said already. There is no doubt that the west is very much interested in the increased prices of farm machinery. One hon. member would lead us to believe that the manufacturer of farm implements is in a serious financial condition, with no dividends being paid. There may be some truth in that; therefore there is double need for investigation. Over-capitalization might be found. Reference was also made to the very low percentage of collections in recent years. We from western Canada well understand the reason for that. Another point was that the manufacturer perhaps could not take advantage of the clause in his contract holding the agent liable if the customer did not pay. That has been in effect in many cases in the west. I have had a little experience along that line, and I know it to be a fact that the agent does not get much even when prices are high. We know how frequently agents change in the different communities; they do not last for many years. It is often said that all the manufacturer is looking for is an agent with lots of money and little experience; the manufacturer will soon have his money and he will have the experience. It has worked out in that way in many cases.

I think we are all agreed that in reality there is only one company that we have to deal with. We know that they have a gentleman's agreement among themselves. You never see any price-cutting by the farm implement makers. They work in cooperation one with another. I need not further emphasize the condition of the agricultural producer throughout western Canada at this time.

In regard to the change in prices, I have before me a price list for 1916. I find the cash price of an eight foot binder in the Saskatoon area in that year was $192. In 1926 it was $292.50, and in 1936 it was $291. Compare the prices the farmer was getting for his produce in those years and you will see the sort of deal the farmer gets. A few years ago we know there was an enormous sale of farm implements, especially power implements, tractors and tractor drawn machinery. Where are they to-day? Scores and hundreds of them never turned out last summer because the farmers could not buy the oil and gasoline to run them; so it is back to the horse, and the indication is that we shall soon be back to the oxen, just as we have the cars drawn by horses.

The resolution calls for an investigation. I am strongly in favour of it, if an investigation will amount to anything. The statement has been made that we have had investigations in the past and very little has resulted for the welfare of the agriculturist. I have very little faith in commissions. There needs to be some very drastic action by the government. In other words we must go deeper than mere investigation; there will have to be action. We know that farm equipment in the west is worn out, and one of the biggest problems the farmer is facing this spring is how he is going to put in his seed and take off the crop in the fall, because of the condition of the machinery and his own financial condition. I have been wondering what the pioneers who went out to the frontiers and there set up their shacks and established their homes as well as they could—and some perhaps have never left the township since—would think if they could come down east to the cities that have been mentioned here to-night and see the difference between one class of people and another. I called at quite a number of homes last fall, and again and again I heard this statement. I have produced on this farm sufficient to have paid my debts during these five years of depression had I got a fair return for my produce, but I am worse off than I was five years ago. There needs to be an investigation, but there must be something real behind it to give proper effect to the findings.

Many farmers here no doubt know very well that whether they got $1 a bushel or 50 cents a bushel for wheat, it made very little difference in the final return, because prices were adjusted according to what the farmer received for his produce. Hence you have a rise in prices of farm machinery this year, because last year the farmer had a set price for his grain, and the manufacturers are after it. They think he has a little advantage somewhere. Those are matters that require investigation. Before this session concludes, something may be heard from this corner regarding the just price to the manufacturer and the just price to the producer. If the investigating commission studied those questions they would solve the problem, not only temporarily but for all time. It is the only scientific solution that we know about; it is the only reasonable one—a just price to the producer, a just price to the retailer, a just price all round and then all will be getting the same deal and all will be satisfied.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, we know the condition in which agriculture finds itself in western Canada to-day after many years not only of drought but of low prices. Now we are met with a rise in the cost of farm implements, and I feel that I would not be doing my duty to those who sent me here if I did not say a few words in support of this resolution.

The situation may be put very briefly. We find that in 1928 the income of the farming industry of Canada was $1,501,000,000, or, roughly, one and a half billion dollars. Six years later, in 1934, that income had shrunk to $525,000,000, a reduction of about two-thirds or sixty-six per cent. That is the situation as to the money the farmers were getting for their products. What about the commodities they had to buy. Taking the index figure of one hundred as representing the retail price of articles they had to buy in 1926 we find that in 1929 there had been practically no change, and that the index figure remained at 99·9. By 1934 it had gone down only to 79. In other words, in those five years there had been a reduction in the index figure of retail prices amounting to roughly twenty per cent. Mark you, Mr. Speaker, that during that time, where the farmer had formerly received three dollars of income, he was now getting only one, but in the retail price of articles he had to purchase he had to pay eighty where he formerly paid one hundred.

We find that instead of decreasing, the burden of taxation has increased. Not only has the burden of his private debt not remained the same, but owing to the fall in the value of what he has to sell that burden has increased greatly. Under conditions where he received only one dollar where formerly he received three dollars, the burden of a debt of $100 became three times as heavy. In other words, the burden of debt on the farmers of Canada in those six years has increased by three hundred per cent. That is the situation. There has been an increase in the burden of taxation, a very small reduction in the index prices of their retail purchases, and an increase in the burden of their private indebtedness. That is the situation in a nutshell. Is it any wonder that as one watches the situation, especially, in agricultural western Canada, one sees that slowly but surely those good people are gradually being forced down, down, down to the level of a peasant population? It is the duty of every hon. member—and I do not say this for the purpose of setting the east against the west—to ask himself if he intends to be a party to a slow change that is going to reduce his fellow Canadians to the level of peasants, and a lowly class of peasants at that, when we understand that they have to live in such a state that they cannot educate their children, cannot provide them with proper medical attention and cannot do for their children any of those things which every hon. member would want his fellow Canadians to be able to do.

Since I have come to this House of Commons, statements which have surprised me have been made by hon. members from Ontario. The suggestion is made that Ontario and Quebec are paying the bulk of the taxes. Why is it that Ontario and Quebec are paying the bulk of the taxes in Canada? Is not this the answer: They have the money.

An hon. MEMBER: Where did it come from?

Mr. TUCKER: My hon. friend asks where it came from. The whole tariff policy, and especially that of the Conservative party, has been designed to benefit the central part of Canada at the expense of the west and the maritimes. The financial policy of this country has been so designed that it causes interest to flow into the head offices of the big financial concerns situated in Ontario and Quebec. If I were a representative from Ontario I would not draw the attention of the people of Canada to the fact that my province was so well off, or that they could pay so much in the way of taxes at a time when the rest of the people cannot get even enough to live on.

That is the situation. As fellow Canadians we say to them that if we were in their position and were able to look after ourselves as well as pay taxes we would be glad to pay the taxes they are paying. I am not forgetting what the rest of Canada has done for Saskatchewan, and especially that section affected by drought. We have appreciated the attitude of sympathy and help extended to us, and that feeling of good will has done a great deal to tighten the bonds which bind confederation. But I ask them to give us not charity but justice. Let us have not, a situation in which they are wealthy and we are poor, shall I say, orphans, but rather one in which we have equal shares in our common patrimony. Does any person suggest that under our present organization there are equal privileges for all and special for none? I draw to your attention, Mr. Speaker—and I am sorry I have not the figures in front of me—the state of affairs disclosed in a brief submitted by the present Minister of Labour (Mr. Rogers) to the government of Nova Scotia, wherein it was shown that owing to tariff regulations in one year Saskatchewan alone paid about $28,000,000 more for what it had to buy, $4,000,000 of which went into the pockets of producers in Saskatchewan and $24,000,000 into the pockets of producers in

Quebec and Ontario. That happened in one year. The sum of $24,000,000 in increased prices went into the hands largely of private interests and corporations from Saskatchewan alone. And then we have hon. members from Ontario suggesting to us that they should have some special consideration because out of that money which we are pouring into their corporations they pay the bulk of the taxes. That is a situation which I deplore.

In connection with the question of wages, to which a previous speaker referred, may I observe that from 1913 to 1930 the average price of nine Canadian farm implements has increased by roughly $51.82. The surprising fact about the analysis is that of that increase only $1.36 went into wages. I commend that fact to the consideration of the hon. member for Brantford city (Mr. Macdonald). Of the $51.82 increase in price during those twenty years only $1.36 went into wages, and those are actual figures from the price spreads report. The amount going into factory wages in 1913 was $4.97, whereas in 1933 it was $6.38, or an increase of around thirty per cent. What about factory expenses? We find that factory expenses increased from $7.63 to $26.42, or an increase of almost four hundred per cent. That is where a great part of the increased price occurred.

I do not wish to condemn anybody. According to the factories manufacturing farm implements they are making no money. but I must bring this fact to the attention of hon. members: Here is the great basic industry of agriculture getting one dollar where formerly it got three dollars. We find that the burden of debt is weighing too heavily upon the farmer and that, after all year after year, the cream of his crop is taken away. Every hon. member knows that when a man gives one-third of what he produces towards the payment of interest on his private indebtedness, as a great proportion of the farmers of the west have to do to-day, in many cases there is not enough left to look after himself and his family. What hope is there for the thousands of people on the western plains living under those circumstances?

When I speak, Mr. Speaker, I am thinking of the part of this dominion from which I come. According to the census there were 728,000 farmers in Canada who, with their wives and children, made up a total of 5,473,000 of our population. If you are going to say to almost 6,000,000 people in Canada: We are going to put you on a basis where your purchasing power is down by two-thirds, but where you are going to carry the same private debt and where you are going to pay public debts at one hundred cents on the dollar; which means 200 or 300 cents on the dollar; when you consider the appreciation in the value of money; when you consider that the attitude of the preceding government was that we were to follow a policy of sound money and that we were going to drive our people until they paid every cent; when you consider that that is being done at the expense of our own Canadian people, our own flesh and blood on those western plains; and when you consider that it has not been considered wrong for the greatest of nations in the family of nations, namely Great Britain, to do otherwise, then we have cause for reflection.

What did Great Britain do with regard to her war debt? The Right Hon. Stanley Baldwin, Prime Minister of England, came over to the United States in 1922, I think it was, and promised formally to pay the large debt which Great Britain owed to that country. What do we find to-day? I think it is three years since Great Britain has paid anything and it is well understood that nothing will be paid on that debt. Of all the nations owing money to the United States, Finland is the only one that has paid as she agreed. The reason given by England for not paying is that she cannot pay. It has been said that England can pay only if the United States will take goods in payment. Do hon. members think Mr. Stanley Baldwin did not know that when he promised that England would pay her debt? I submit that he did know, or that it must be presumed that he knew. If it is all right for Great Britain to say that she cannot pay without ruining her people, it should be all right for the people of Canada to say that there should be an adjustment of private and public debt in order that they shall not be ruined.

There is a sheer necessity for some logical approach to the solving of this great problem of public and private debt which is such a burden upon the people. I submit that it is not enough to say that we will ride out the gale; that somehow we will pull through. The situation in western Canada is very serious. The Minister of Finance (Mr. Dunning) has just entered the chamber, and I do not believe there is an hon. member who knows better than he conditions in western Canada. He homesteaded there and he knows the privations and hardships that face the western farmer. He knows how unfair it is to deprive any of these men of the fruits of his hard labour of twenty or thirty years. I

know that I do not need to appeal to the minister as I believe he has given this question his earnest consideration. I think he is aware that something must be done with regard to the burden of taxation as well as of public and private debt which rests upon the people. Is it fair or equitable that the dollar should be inflated in value to a point where it now takes three times the quantity of basic products to pay a debt contracted five years ago.

Mr. DUNNING: In view of the fact that the hon. member has referred to me, may I say that upon looking at the resolution I find that it has to do with the advance in the prices of farm implements. Might I suggest that we discuss the subject matter of the resolution?

Mr. SPEAKER: The hon. member should confine his remarks to the resolution.

Mr. TUCKER: If we are going to deprive the farmer of practically all his money, if it takes all his earnings to pay interest, he can ill afford to pay a higher price for his farm implements. I thought the Minister of Finance would like to be reminded of those days when he pioneered in Saskatchewan, but as he does not want the time of the house taken up with these references I shall come back to the resolution.

The people of Canada elected those whom they thought were the men likely to represent them best in this House of Commons. They hope that their representatives will do the best they can to figure out and solve their problems. During the next year they expect that something definite will be done to lighten their burdens and enable them once more to live the life which we expect ordinary Canadian citizens to live. The hon. member for Moose Jaw (Mr. Ross) has referred to the fact that these farm implement companies are raising their prices in the face of a reduction in the tariff. The right answer to that kind of action is: If you are in a position to raise your prices despite a lowered tariff, then we will take the tariff off altogether. It has been suspected that an international combine or cartel exists in connection with the marketing of oil and gasoline and perhaps one exists in connection with the manufacturing of farm implements. If it is found that the large manufacturers of the world are getting together to control prices regardless of tariffs, then I submit that the Liberal party has a policy well designed to deal with such a problem. A part of this policy is contained in the Combines Investigation Act.

Present conditions constitute a challenge to the intelligence and wisdom of parliament. Over half our people have lost two-thirds of their purchasing power while the price of the articles they require has been rising. This is not my problem alone; it is the problem of every member of parliament. I commend most highly the hon. member who introduced this resolution (Mr. Johnston, Lake Centre). This problem should be submitted to some group of men who will examine into it and try to do something for the basic producers on the western plains who are endeavouring to do all they can to get along under present conditions. I feel sure that hon. members from eastern Canada will give us their co-operation. They know that unless the great primary industries, such as the farming industry of Canada, are prosperous, the manufacturers of Ontario and Quebec will be in a depression and faced with unemployment. No matter whether a member represents an agricultural constituency in western Canada or a manufacturing constituency in Ontario, it is equally his duty and his privilege to study this problem so that half the population of Canada may be brought back from practically a poverty stricken level to that upon which we want Canadians to be. Once the farmers of western Canada are able to buy the articles they need the manufacturing centres of the east will be prosperous and the spectre of unemployment will no longer stalk through our land.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, as Minister of Agriculture, I do not think it would be proper for me to permit a resolution of this kind to be discussed in the house without expressing an opinion upon it. At the outset I should like to say that although I come from western Canada and represent an agricultural constituency in that part of the country, I am still mindful of the fact that more than half the agricultural people of Canada live east of the great lakes. In this house are hon. members representing agricultural constituencies in the eastern part of Canada as well as in that part of Canada which lies to the west of the great lakes. Most of the discussion in the interests of agriculture, in so far as this resolution is concerned, has been carried on by hon. members from the central west or the prairie sections of the dominion.

A few days ago a member from one of the rural constituencies in the east placed in my hands a price list in connection with this very question. This list was sent to him apparently by one of his constituents, a man who is interested in prices of implements in eastern Canada, and I find that it compares almost exactly, so far as increases are concerned, with

price lists from western Canada which have been read in the house. This is a price list secured from an implement dealer in St. Thomas, and according to this list a six-foot binder sold in St. Thomas in 1935 for $225.50; but in the list which has been recently put forward for 1936 the cash price is $242.20, which is practically $17 higher than the 1935 price. If my memory serves me rightly, that is almost identical with the increase which has recently taken place in binders in the west. A six-foot mower sold in 1935, cash price, at $84, and in 1936 it sold at $92, or an increase of $8. A side-delivery rake sold in 1935 at $118 and in 1936 at $128, or an increase of $10. A hay loader sold in 1935, cash price, at $114, and it is listed for this year, cash price, at $124, again a $10 increase. A 13-disc fertilizer drill sold in 1935 at $169, and is listed for 1936 at $179, or an increase of $10. A manure spreader sold in 1935 at $164, and this year it is listed at $174, again a $10 increase. A 13-tooth land cultivator sold in 1935 at $73, and in 1936 the price is $76, or an increase of $3. A 14-blade disc harrow sold in 1935 at $47, and in 1936 the price is $48, or an increase of $1; and an eight-foot tractor disc harrow sold in 1935 at $103 and in 1936 it is listed at $106, or an increase of $3. This list represents implements used on every farm in the eastern part of Canada, and the increases in the east are similar to those that have been made in the west.

The discussion of the resolution before us has indicated to me that there is some reason for an inquiry into these increases in prices, particularly because of their having been made at this time. I was somewhat interested in the remark made by the hon. member for Qu'Appelle (Mr. Perley) when he called attention to the fact that certain people were contesting an election in a constituency in Saskatchewan at the beginning of this year and that at that time those of us who were in the constituency fighting in the interests of the government were taking some credit to the government for the trade treaty that had been recently made between Canada and the United States; and he said it must have come as rather a shock to us to find that at the beginning of the next month there was an increase rather than a decrease in prices of farm implements as a result of that treaty having been brought into effect. Well, that fact was perhaps not as great a shock to those of us who took part in the campaign, knowing as we did what has taken place in the dominion following previous reductions in the tariff, as it was to men from one end of the dominion to the other when the price list came out and stared them in the face as representing an increased cost of production to the agriculturist in Canada in the coming summer.

It is for that reason that we believe some sort of inquiry should be made into the causes of the increase in prices of farm implements under conditions that prevail in Canada at the present time. As regards conditions existing in Canada, I do not need to confine my remarks to conditions as we know them to-day in western Canada. Conditions in the west to-day are such as naturally exist in a country that is comparatively new, when the whole world is going through the trying times that are being experienced at present. There are in this house men who can recall similar experiences on the part of people living in the rural areas of Ontario, of Quebec and of the maritimes, in the latter part of the last century, by reason of the prevalence of similar conditions in the world at large.

One of the reasons for the prevalence of the conditions that have been described by the hon. member for Rosthern (Mr. Tucker) and by other hon. members from the western provinces is the fact that we are passing through the first generation of settlers in western Canada; and while we have large debts to meet, while we have to pay for some of the development that has taken place in the past, we are confronted with the fact that it was the opening up of that part of Canada, through the efforts of people in the east, that put this country on the map as a really important nation among the nations of the world. We as a people living in the west owe thanks to the people in eastern Canada for the capital which has been put into western Canada and for the effort which has been made by the people of the east in the direction of developing the western section of the dominion; and we have reason to believe, from the actions of men throughout the eastern part of Canada during the last five or six years, while we have been passing through our trying experiences, that the men in the east who have been responsible for assisting in our development in the past are still not only able but anxious to participate in the future development of western Canada.

One of the reasons we are suffering in the west to-day is that, whereas in the three best years we have ever had in the west, 1926, 1927 and 1928, agriculture produced, in Saskatchewan alone, $1,180,000,000 worth of new wealth which went into business from one end of the country to the other, creating prosperity throughout the country; In three of our most difficult years, 1931, 1932 and 1933, we produced from these same farm lands only

$354,000,000 worth of new wealth, or less than one-third of what we produced in the first three year period. And it is because of that reduction in the output of wealth in the west as well as of a similar reduction in the value of the wealth produced throughout Canada that we have been suffering from the difficulties which we have experienced. But in western Canada we have had the additional burden that in the southern part of the three prairie provinces we have been visited by a drought more severe than droughts of the past, and that drought has been accompanied by the lowest range of prices that any part of Canada has ever experienced for farm products. With those two conditions operating together we are of course having hard times and low purchasing power.

But I am one of those who believe that purchasing power can be reestablished only by the cooperation of the farming populations of the west, the farming populations of the east, the industrial populations of the east and west alike, and the financial people in the eastern and western parts of Canada, and that if we are to succeed in bringing back that prosperity for which we are all praying and of which, at the moment, we all dream, we shall succeed only through the one hundred per cent cooperation of the peoples living in all parts of Canada and those engaged in all activities within this country.

I believe the facts produced in this particular debate have emphasized two points. There are those who believe it is most important that we should maintain labour in industry in the different parts of Canada; and I am one of those who believe that in every industry in this country, whether it be for the manufacture of goods or for the production of primary products, first consideration should be given to labour; that when men are not given proper returns for the labour which they put forth in order to produce wealth, whether in industry or in agriculture, or whatever it may be, then we are going to suffer difficulties in every part of Canada. For that reason every effort should be put forward in this house, by inquiry, by legislative endeavour, and in other ways, to see to it that whatever happens, those who give of their labour to produce new wealth in this country from any source should be taken care of before one dollar from that industry goes anywhere else. Believing that, I think it is necessary to have some further inquiry into the reason for this increase in prices, coming at this, one of the most difficult periods that agriculture in Canada has experienced. I want just for a moment to read the resolution and to consider certain proposals which are made in it. The resolution reads:

> That, in the opinion of this house, an immediate inquiry should be made under the provision of the Research Council Act, chapter 177, R.S.C., 1927, or by other means, into the causes underlying the high price of farm implements, with particular reference to the advance in prices for the year 1936.

The discussions indicate, as I said a moment ago, that some are concerned about labour; others are concerned because of the feeling that the actions of companies in connection with prices relative to increases and decreases in tariffs indicate that there is a combine of some kind or another among the companies that are producing farm implements in this country. I think some inquiry should be made before this particular matter is handed on to any particular council or commission for further investigation; that some inquiry should be made by a committee of this house into representations that have been made by members in connection with this resolution. I therefore move, Mr. Speaker:

> That the resolution be amended by striking out the words "under the provisions of the Research Council Act, chapter 177, R.S.C., 1927, or by other means," where they appear, and substituting therefor the following words, "by the standing committee on agriculture and colonization."

The resolution will then read:

> That, in the opinion of this house, an immediate inquiry should 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.

That inquiry, Mr. Speaker, should determine whether or not this is a proper question for submission to, say the tariff board or to the research council referred to, or a proper question for submission to an investigation under the Combines Investigation Act, or whether some other procedure should be taken in relation to it. I move this amendment to the resolution, and with this amendment will support it.

Mr. POOLE: I should like to ask the Minister of Agriculture—

Some hon. MEMBERS: Order.

Mr. POOLE: —whether, when he was quoting the difference in value over a period of six years, he meant price values or reduced production.

Mr. GARDINER: I cannot hear the question.

Some hon. MEMBERS: Order.

Amendment agreed to.

Motion, as amended, agreed to.

RURAL TELEPHONE COMPANIES

PROPOSED EXEMPTION FROM FEDERAL INCOME TAX

Mr. T. A. THOMPSON (Lanark) moved:

That, in the opinion of this house, all rural telephone companies should be exempt from federal income tax.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I would ask your ruling as to whether this resolution is in order.

Mr. SPEAKER: I had anticipated that there might be some objection in connection with this matter. If any hon. members wish to speak on the point of order raised, I am ready to listen to them, and I will then render a decision.

Mr. THOMPSON: I have no intention whatever—

Mr. SPEAKER: Does the hon. member want to speak on the point of order raised by the Minister of Finance in connection with the resolution? If anybody wishes to speak on the point of order I am ready to listen.

Mr. DUNNING: The point of order is that, if this resolution carries, it constitutes a definite instruction to the government to exempt a certain class of companies from a certain tax. As such it is a matter which cannot be introduced into this house except preceded by a message from His Excellency the Governor General.

Mr. SPEAKER: On the point of order raised by the hon. Minister of Finance, I have looked into this matter, and I find that this resolution is not in order. The hon. member's motion is out of order because it is not framed in such abstract or general terms that it can be entertained by the house. The proposal made therein is for a special reduction in the public revenue. The item to be struck out is mentioned, namely, the income tax levied on rural telephone companies. Such a proposal can be entertained only in committee of ways and mean, and, as May says, at page 544:

> These proposals must be grafted upon the financial scheme submitted by the government and it must not affect the balance of ways and means voted for the service of the year.

True, the motion says that the exemption of the tax "should" and not "shall" be made, but even at that I think the proposal ought to be considered in the committee and not by the house, for it is essentially a ways and means resolution.

Mr. THOMPSON: I abide by your decision.

WHEAT, OATS AND BARLEY

PROPOSAL THAT GOVERNMENT SUBMIT LEGISLATION GUARANTEEING MINIMUM PRICES

Mr. VICTOR QUELCH (Acadia) moved:

That, in the opinion of this house, the government should submit for consideration of this house such legislation as may be necessary in order to guarantee a minimum price, based upon cost of production, plus a fair remuneration to the producer, on wheat, oats and barley, as a permanent measure.

He said: Mr. Speaker, I realize that this resolution deals with a difficult problem, and no doubt it will be asked how can we guarantee a price based upon cost of production when we have a variety of grades and costs of production vary throughout the country. Of course I realize that it would be impossible to set a minimum price that would cover the cost of production and be equitable to all farmers, but on the other hand we must remember that by harvest time the bureau of statistics is in a position to make a fairly accurate estimate of the yields of various grains throughout the country and to arrive at an approximate cost of production based upon averages. If this minimum price were to apply in the first place, say to No. 1 grade, and if the spreads on other grades were shortened to the extent considered advisable, I believe that would be as satisfactory a method as any.

Eastern interests and some hon. members from time to time have criticized legislation introduced to give financial assistance to agriculture and to relieve the distress in agriculture, especially in western Canada. But we must realize that the success of agriculture is not of interest to farmers alone, but of vital interest to the whole of Canada. In order to stress this point I should like to quote a few figures mentioned by the Alberta wheat pool in a broadcast on November 27, 1935. In the course of that broadcast it was stated that Canadian agriculture is a five billion dollar industry which supports nearly five million of our population directly and many more indirectly. Canadian agriculture supplies practically half the domestic market for factory products. Nine thousand factories are engaged in the processing of agricultural products. They report a total capital value of close to $700,000,000; they employ 125,000 people; they pay out annually in wages $125,000,000, and they produce products annually to the value of $750,000,000. In themselves I think those figures are sufficient to indicate the tremendous importance of agriculture in Canada, and to justify the statement that until

agriculture is put upon a sound business basis there can be no permanent prosperity in this country.

I do not believe anyone would be so foolhardy as to claim that to-day agriculture is on a sound business basis. How can any industry be said to be on a sound basis when it is forced to produce below cost of production, and that has been the case in the past in connection with agriculture? To substantiate that statement I should like to quote a few figures taken from the Canada Year Book, 1934-35. We find the total value of field crops, live stock and dairy products in 1926 represented by the figure of $2,078,760,079. Six years later, in 1932, we find that the value of these agricultural products fell to $986,600,033, or a decrease of over a billion dollars. We might well say that if we could restore that billion dollars of lost purchasing power to the farmers we would be well on the road out of the depression. At page 862 we read that between August, 1929, and February, 1933, Canadian farm products fell 60·7 per cent, while fully and chiefly manufactured goods fell only 29·3 per cent. Again, at page 866, taking the 1926 index figure as 100, the index figure for grains in 1932 was 41·1, while the index figure for manufactured goods of mineral origin, such as farm machinery, stood at 84·8. In other words, while the index figure for grains fell by 58·9 per cent the index figure for manufactures of mineral origin fell only by 15·2 per cent. This means that a farmer in 1933, paying a debt incurred in 1929, would find his purchasing power reduced from $1 to 39·3 cents, while the price of manufactured goods had increased by 31·4 per cent and the price of machinery to the farmer had increased by 43·7 per cent.

In dealing with the question of the cost of production, according to bulletin No. 159 of the Department of Agriculture, published in 1932, a survey was made of a number of farms in order to arrive at the cost of producing wheat. It was found that the average cost of producing wheat on summer fallow was seventy-eight cents per bushel and on stubble $1.12 per bushel. The lowest recorded cost was fifty-three cents; the highest recorded cost was $1.46. According to reports from the experimental farm, taken over a period of ten years, the average cost of producing wheat was sixty-nine cents a bushel, yet from 1930 to 1933 the average price of wheat in Canada, according to the Canada Year Book, 1934, page 257, was forty-three cents a bushel. In 1932, during threshing operations, No. 1 wheat fell to the low figure of twenty cents in the Calgary district. Therefore it is obvious that from 1930 to 1933 farm products were being produced very considerably below cost of production. At the same time taxation increased. Costs, as represented by wages, of course fell, but on the other hand it must be remembered that according to the 1931 census only 38·6 per cent of the farmers employ help, so in view of this fact the saving in labour costs was very slight.

It is useless, therefore, to talk of permanent prosperity in agriculture until steps have been taken to guarantee prices for farm products commensurate with prices of other commodities. We are only too familiar with the statements of many prominent business men to the effect that we cannot guarantee prices for agricultural commodities above world market levels. On the other hand, however, when you take into consideration the fact that all real wealth comes out of the soil I think it is absurd to make the statement that you can guarantee minimum wages in industry; you can guarantee the wages of civil servants and you can guarantee the wages of politicians but you cannot guarantee the prices of the very commodities that have made all these services possible.

By guaranteed prices of course I do not mean prices sufficiently high to include large profits, as that would be a direct incentive to the increased production of agricultural products. I refer to a just price, a price sufficient to return to the producer the cost of production and at the same time be commensurate with prices of other commodities. In addition to low prices farmers have had to fight drought, grasshoppers, hail, frost and soil drifting, with the inevitable results that agriculture to-day is in a precarious position. Farmers who by 1929 had built up a fair reserve have seen it vanish; they have not been in a position to replace their machinery; farm buildings have become dilapidated and the inside of the homes in many cases is in dire need of refurnishing. And what of the families? Living in a climate of extremes of heat and cold, the children often have to travel three or four miles to school, undernourished and insufficiently clothed. Yet in spite of that we hear such statements as that of the senator from Rougemont, Hon. Rodolphe Lemieux: "Surely the farmers throughout Canada are not so wholly ruined as to have the right to claim that they should not pay."

We find at the present time a determined effort being made to do away with the existing debt legislation throughout the provinces. In that regard we should remember the statement of Major Douglas, "Show me any concern that does not recover cost out of prices, and I will show a concern headed right for

bankruptcy." That is why to-day the farming industry is fast becoming bankrupt, because it has not been in a position to recover costs out of prices. And so before we can hope to put agriculture on its feet by such measures as debt legislation it will first of all be necessary to remove the cause of these debts. When one considers the actions of the majority of the great nations in spending many millions of dollars in maintaining high internal prices for agricultural products, then I think we can fairly say that Canada has not been over-considerate or over-generous in her treatment of agriculture. The action of the government last year in establishing a wheat board and a minimum price for wheat to a very large extent restored the confidence of the grain farmer. It is to be earnestly hoped that the board will be kept in operation as a permanent institution.

I referred to the fact that the nations of the world have spent many millions of dollars in maintaining high prices for agricultural products in their own countries. In support of this statement I should like to quote from a speech made by John I. McFarland at a luncheon at the Palliser hotel, Calgary, on February 14 of this year. Dealing with this subject, he said:

> I have shown you there is no world price, professional and non-professional speculation has been down close to zero in almost every line where there is a risk which must be carried. It is no longer considered sound business ethics for our business men to assume speculative risks. Governments in other countries have been expending and diverting enormous sums of money to producers. Australia paid over 60 millions of dollars in direct payments and indirectly 25 per cent in depreciated currency. The United States have paid about 200 million dollars in stabilization of wheat alone, and hundreds of millions in processing taxes have been levied on consumers to provide benefit payments to wheat farmers. Argentine contributed indirectly 25 per cent through depreciated currency, while controlled foreign exchange has added to consumers' burdens of that country for the benefit of their producers. England, a country which produces only about 60 million bushels per year, has collected from consumers for the benefit of their wheat farmers about $100,000,000, while other importing countries of Europe and elsewhere have imposed high tariffs against wheat, which have maintained fantastically high prices in various importing countries, thus exacting from consumers enormous sums of money for the benefit of home production.

Now I think we are agreed that the producers should recover cost of production out of prices. But on the other hand I am very much opposed to many of the measures referred to by Mr. McFarland, because they ignore the very root of our present economic evils, namely, that owing to certain practices under the present system industry fails to distribute sufficient purchasing power to buy back its own production. The last time I spoke in this chamber I dealt with this subject somewhat fully; therefore I shall not take the time of the house to deal with it again, but in view of this fact it is obvious that if you tax the consumer in order to raise the price level of any commodity you are placing a very heavy burden upon the consumer and are merely transferring the burden from one part of the community to another. Therefore I take the stand that in the event of world market prices of grains falling below the cost of production the dominion government should create the necessary financial credit in order to stabilize the price of these commodities at a level that would at least cover the cost of production to the Canadian producer. The futility of attempting to accomplish this by borrowing money from the banks is well emphasized by a statement from one of the greatest commercial organizations in the world, namely, the London Chamber of Commerce. The article was in reference to financing a government expenditure and read in part as follows:

> It is quite evident that this cannot be done by the old method of asking the banks to create new money by the not very arduous activity of writing figures in a ledger, the state then borrowing the result from them at interest. In order to repay the capital and interest more money must be recovered from the community by taxation than has been issued to it, since the banks did not lend the interest, so that the last state of that community is far worse than the first. The entry of figures in a ledger, by means of which the banks create new money "out of the blue" under the present system, cannot be held to justify the claim to repayment, with interest, by the community. The sacrifice on the part of the banks to create this new money involves but a few seconds of a clerk's time.

The justification for this argument of course rests upon the fact that the banks create this credit not out of anything they possess, but against the real credit of the borrower. This action by the government would become necessary only in the event of grain prices becoming deflated below cost of production, and therefore this action instead of causing inflation would cause reflation, a process that would be very necessary if Canada is to be saved from the disastrous results of the low prices of 1930 to 1934. This issue of financial credit would be cancelled automatically by the farmers meeting cost of production plus living expenses, and in the event of any part of this credit becoming redundant it could be recalled by an income tax.

We still hear a good deal of talk about over-production, but in the majority of cases it is in reality a matter of under-consumption

rather than over-production. If the purchasing power of the people were increased up to the full capacity of industry to produce and deliver goods the bogey of over-production would to a large extent disappear. At the present time we hear a good deal about increased immigration, and placing more people on the land. The hon. member for Champlain (Mr. Brunelle) advocated the conscription of the unemployed and placing them on farms. But would not this cause greater production of agricultural products and so tend to bring about lower prices unless the government is prepared to guarantee a minimum price?

In the drought area we have many farmers who are very anxious to move to better districts. In many instances these men moved into the areas with a little capital, good health and plenty ambition. To-day they have lost their capital; in many cases their health has suffered and they are fast losing their ambition. Surely before helping to settle foreigners on the land in Canada we should help these Canadian farmers to become reestablished. To-day it is costing thousands of dollars to ship in feed and seed to these families and to keep them on relief. In the long run would it not be cheaper to finance them to a new start in a good district? Then, provided prices of grain were maintained at a just level they would soon become self-supporting.

The main principle behind the resolution is that farmers should be guaranteed a fair price for wheat, oats and barley, or a price sufficient at least to cover cost of production and a fair profit. Even if this means a slight increase in the price level of commodities to the people of Canada I would ask this question: Have Canadians any right to expect that a large body of the Canadian people should produce below cost of production in order that they may be in a position to buy more cheaply the goods they require. Personally I would say that that should not be the case.

If the resolution were agreed to it would possibly involve an amendment of the act establishing the wheat board, so that paragraph (a) of section 8 would read as follows:

> To fix a price, based upon cost of production plus a fair remuneration to the producer, 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.

Then the act would be made to apply to oats and barley in the same way that it applies to wheat. It applies only to grain produced in Saskatchewan, Manitoba, Alberta and British Columbia because grains produced in other parts of Canada to a great extent are used for feed.

[Mr. Quelch.]

In offering the resolution I wish to stress the principle that the price of an article should be based upon cost of production, a condition which does not obtain at the present time. To-day the price of an article is governed by what it will bring, and then, after deducting certain fixed charges and commissions, the primary producer gets what is left. In some cases that means he receives nothing, and in many others it means an amount altogether inadequate to meet costs incurred in the production of the article. In closing may I observe that I hope hon. members, instead of being too critical of the resolution, will be prepared to admit the justness of the principle expressed therein.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, in rising to second the resolution I wish heartily to endorse the views placed before hon. members by the hon. member for Acadia (Mr. Quelch). It is not my intention to speak at length because I believe enough has been said this evening to show the necessity for what is indicated in the resolution. It is my belief that if civilization is to continue this chamber has a great task to perform. For the disposal of our chief grains I believe a just price, as suggested by the previous speaker, offers about the only way we can succeed. For a number of years we have been producing grain below cost. I may be challenged with respect to the 1936 crop, but I believe I can substantiate by figures my statement about crops marketed in the past year. During the past season there has been a great deal of rust and hail and, in some cases, frost. In the constituency from which I come we were about three weeks late getting on the land in the spring and, in addition, we had early frosts which cut down the grade from the top, No. 1 northern, to No. 6 and feed. In addition, the yield has been cut by at least fifty per cent.

The price of feed wheat on a twenty-four cent freight rate was thirty cents per bushel and the average yield would not be above fifteen bushels. Hon. members can readily understand what profits are being made on that basis. As hon. members are aware, in the past the farmer has been in the habit of taking his grain to the elevator. He would ask the agent what grade it was, what dockage there would be, and how much per bushel he might receive. If he did not like the answers he got he had to lump it. This has been the condition particularly since 1930, in which year we had to lump it practically all the time. In that year there was a heavy crop of straw and grain in several districts, but in my particular district the grade was from No. 4 tough, down. Those of us who sold through

the pool that year, on a twenty-four cent freight rate basis, got twelve and one-half cents per bushel although it cost us ten cents per bushel to thresh the crop. Perhaps hon. members will see why we are asking for a set price on the grains mentioned.

When the implement manufacturer has his implements ready for market he does not go to the farmer and ask him how much he will pay. The manufacturer sets his price, one which is not by any means below cost of production, and if the farmer does not like the price he must do without the implement. He cannot go to another implement company and obtain a machine to do the same work for less money. I believe that has been proven many times. One can picture an automobile manufacturer taking his product to a customer and asking what he will pay for it, and in most cases taking what is offered. That, however, is what the farmer has to do. When we have grain to sell we take it to the elevator and learn from the agent what he will pay. In nine cases out of ten we take what we are offered and say nothing.

I believe farmers have done everything in their power to cut production costs. When a machine which cuts cost of production is put on the market we find farmers rushing to purchase it, and paying good high prices for it. Abut thirty years ago farmers began making improvements for themselves. As they were denied improvements by the grain companies—I believe some of those pioneers are still opposite in this chamber—step by step conditions were improved until in 1923 we reached the point at which we organized the wheat pools. Since that year the pools of the west have continued to build up and to develop the greatest grain handling organization in the world. To-day on account of conditions over which we have no control we are not able to derive the benefits to which we are entitled. It has become necessary therefore to have a wheat board.

The wheat board is not a true representative of the producers. We have nothing whatever to do with what our grain will bring or for what it will be sold. It has simply been taken to the market place and whatever is offered is accepted. This seems rather foolish, but it is the condition that exists. If farmers cannot get the costs of production I think all hon. members realize what will happen. Factories will have to close down as the farmers will not be able to pay the price for the products turned out. When factories are closed down this means unemployment, and I think we have had enough of taking care of the unemployed. Unemployment is one of the greatest and most demoralizing questions facing us to-day. The other day the hon. member for Brant (Mr. Wood) said that if he wanted to take a bath, he had to take it in a wash basin. It seems too bad to think that the people who produce the wealth of this country have to take a bath in a wash basin or go without. This is what is taking place when other people handling our products can live under the most luxurious conditions.

The farmer should be able to buy a bathtub and the other up to date conveniences found in the city. If he could, things would be helped all round. The plumbers and the manufacturers of bathtubs and other appliances would be busy. I think it would be in the interests of the agriculturists and Canada as a whole to pass this resolution and give the farmers of the east and the west, and the other interests in this country a chance to get on the road to recovery. We are told that prosperity is just around the corner, but that corner seems to be one that we cannot get around.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, in rising to address the house on this resolution I must say that I am sorry the hour is so late. To discuss this resolution properly would require more time than is now available. The resolution appears on the order paper in the following words:

> That, in the opinion of this house, the government should submit for consideration of this house such legislation as may be necessary in order to guarantee a minimum price, based upon cost of production, plus a fair remuneration to the producer, on wheat, oats and barley, as a permanent measure.

There has been a great deal of discussion during recent years as to the advisability of having minimum prices permanently established for certain farm products. In western Canada this discussion has centred largely round prices of grain while in other parts of Canada it has centred largely round prices of other products of the farm. I am sure hon. members realize that there would be considerable difficulty in setting and maintaining permanent prices upon the basis set forth in the resolution. In the first place, there would be some difficulty in determining costs of production in the different parts of Canada. I can conceive of a price being set based upon production costs on the Regina plains, while in other parts of the country, particularly in the southeastern part of Saskatchewan and the central and eastern parts of Alberta, costs of production might be considerably different. A different basis would be found if we were going to take costs of production in the northern and eastern parts

of Saskatchewan and Manitoba. The reasons for these differences would be many in number. First, there would be the difference in climatic conditions; second, there would be the difference in the fertility of the soil and, third, there would be the difference in methods of agriculture followed.

For example, in the northeastern part of the province it is possible to carry on mixed farming. Saskatchewan is divided into nine wheat districts. During the past eighteen years in district No. 1 the average farm has produced annually wheat to a value of about $1,200. In grain district No. 2, which takes in the Regina plains, the average farm has produced wheat to the value of over $2,000. In grain district No. 3 the value of the average annual production of wheat has been about the same as in district No. 1. In looking at the production yields we find that in the eighteen years the average yield in district No. 1 has been about 12·9 bushels per acre. In district No. 2 it has been about 13·8 bushels; in district No. 3, about 12·4 bushels, and in district No. 4, about 12·8 bushels per acre. In other words, during an eighteen year period the difference in yields per acre in the different areas has not been so great while the difference in yields per farm has been considerable.

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

Tuesday, March 3, 1936

The house met at three o'clock.

ELECTIONS AND FRANCHISE

APPOINTMENT OF SPECIAL COMMITTEE TO STUDY AND REPORT ON AMENDMENTS TO ELECTIONS AND FRANCHISE ACTS

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, the other day the house agreed to appoint a special committee for the purpose of studying the Dominion Elections Act and the Dominion Franchise Act and possible amendments thereto, and it was suggested that this committee should consist of thirty members. In order to save time I would ask the consent of the house to make a motion to complete this committee to-day, as follows:

That the special committee appointed to study the Dominion Elections Act 1934 and amendments thereto and the Dominion Franchise Act 1934 and amendments thereto shall consist of thirty members, and that standing order 65 be suspended in relation thereto, and that the following be appointed thereto:

Messieurs: Bothwell, Cameron (Cape Breton North), Clark (York-Sunbury), Dussault, Factor, Fair, Girouard, Glen, Heaps, Jean, MacNicol, McCuaig, McIntosh, Parent (Quebec West and South), Perley (Qu'Appelle), Power, Purdy, Rickard, Robichaud, St-Père, Sinclair, Slaght, Stevens, Stewart, Stirling, Taylor (Norfolk), Turgeon, Turner, Wermenlinger, and Wood.

Motion agreed to.

DEBATES COMMITTEE

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, by special leave of the house, if the house is unanimous in the matter, I wish to move:

Whereas the last meeting of the select standing committee on debates took place on June 17, 1931;

Whereas, before taking into consideration any further matter which might be referred to them by the house, a general and summary survey of the manner in which the past recommendations of this committee which have been approved by the house have been complied with during the last five years, shall be made;

Whereas a meeting of the said committee has been called for Thursday next, March 5;

That the said select standing committee on the debates shall take into consideration any matter within the scope of their jurisdiction and report to the house accordingly.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I believe notice of motion will be required.

Mr. SPEAKER: I think this is one of the motions of which notice is required before it can be put to the house. I therefore direct that the motion stand as a notice of motion.

Motion stands.

WHEAT POOL

EQUALIZATION OF 1930 PAYMENTS ON WHEAT

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Before the orders of the day are proceeded with, I should like to ask the government whether or not we may expect that the legislation promised by the right hon. the Prime Minister (Mr. Mackenzie King) with respect to the payments for grain sold by producers thereof in 1930 will be introduced at an early date. I do this in consequence of receiving large numbers of communications complaining that with the bitterness of the weather and the bills that have been incurred this money is very urgently required.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I hope it will be possible to have the legislation brought down within a fortnight.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed, from Friday, February 28, consideration of the motion of Mr. Mackenzie King:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty's government in the Dominion of Canada and the government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. J. T. THORSON (Selkirk): Mr. Speaker, in the short space of time that remains at my disposal I shall make only a few remarks. It is perhaps too early to pass any considered judgment with regard to the enlarged trade with the United States that will follow as a result of our trade agreement with that country, but already there are some indications of what is likely to take place; for we have the trade figures for January of this year and we can compare them with the trade figures for January, 1935. Our exports to the United States for January, 1935, amounted to $17,872,669, whereas our exports for January, 1936, amounted to $20,872,966, an increase of approximately 17 per cent. On the other hand our imports from the United States for January, 1935, amounted to $23,156,701 whereas our imports for January, 1936, amounted to $26,284,935, an increase of approximately 13½ per cent.

Some of the commodities exported to the United States are striking; I shall deal with one of them. Our exports of cattle, for example, increased from $67,647 in January, 1935, to $498,270 in January, 1936. Our exports of shingles doubled; our exports of planks, boards and other kinds of lumber also showed substantial increases.

The speech delivered by the right hon. leader of the opposition (Mr. Bennett) was a remarkable address; it made a number of things perfectly clear to this house and to the people of Canada. In the first place—I think it cannot be disputed—the speech of the right hon. gentleman made it perfectly clear to everyone in Canada that if the Conservative party had been returned to office Canada would not have had any trade agreement with the United States at the present time. The right hon. gentleman blames the government for not obtaining greater concessions from the United States, and then in the next breath he says that he would not give the United States the concessions they ask, at any price. How can trade with any country be built up with that attitude of mind towards it? The right hon. gentleman wants everything his own way; that is not conducive to the building up of trade with other countries. He is very much like the spoiled boy who will not play with the boy next door unless he can have the play all his own way.

Then the speech delivered by the right hon. leader of the opposition showed a peculiar attitude towards trade agreements that is not conducive to international good will. He showed much the same attitude during the negotiation of the Ottawa agreements. He desired to give Great Britain a preference in Canada, but before doing so he raised the tariff sky high so that what seemed to be a preference to Great Britain was in reality no preference at all. Now the right hon. gentleman wants to know what we intend to do with regard to the intermediate tariff. Why should he be concerned with what our attitude is going to be during this session towards the intermediate tariff? Would that affect his attitude towards this agreement? Would he vote for this agreement if he were told that immediately after that we would increase the intermediate tariff? Would he have the government do that; would he have this parliament pass this trade agreement and then, immediately after passing it, during this very same session, raise the intermediate tariff? Is that the spirit that should be shown in bringing about a trade agreement? Is that what he is asking us to do? In effect that would be a breach of the spirit, at any rate, of the trade agreement which we are now considering.

The speech of the right hon. leader of the opposition shows very distinctly the fundamental difference that exists between the party of which he is the leader and the Liberal party with regard to tariff and trade matters. We on this side of the house desire an enlargement of our trade with other countries. We are willing to make concessions to other countries in return for a fair and reasonable prospect of enlarging our trade with them. We are satisfied with a fair exchange, and we believe that in this trade agreement we are making a fair exchange with the United States. But there is another difference between the viewpoint of the Conservative party and the viewpoint of those who sit on this side of the house. Personally I do not like the word "concession" as applied to the tariff reductions that we have made. We are not making these tariff reductions in any sense as concessions to the United States. We do not regard

them as gifts to the United States; we regard them as tariff reductions made in pursuance of the Liberal policy with regard to the tariff. We wish to make substantial tariff reductions in Canada for the benefit of the Canadian people, regardless of whether we get concessions from other countries or not. If we can get concessions, well and good, but whether we get concessions or not we on this side of the house feel that the time has come when substantial reductions should be made in our own tariff. The Liberal party was elected on a platform of substantial tariff reductions. The tariff structure in this country is much too high. We have had five years' experience of high tariff policy, and I think it has been demonstrated throughout the whole of Canada that that policy has failed. There are many commodities on which in the interests of the producers and the consumers of Canada we require an immediate and substantial decrease in the tariff.

Mr. SPEAKER: Order. The hon. gentleman's time has expired.

Mr. THORSON: I have only a word or two more. We wish substantial reductions on such commodities as gasoline, agricultural implements and textiles, to mention only a few. This country has suffered from the policy of high tariffs, not merely in one section but in all sections. The overwhelming vote given to the Liberal party meant that Canada did not wish to endure any longer a policy such as that from which it suffered during the preceding five years. Substantial tariff reductions are demanded, and it is the duty of the Liberal party to carry out the mandate given to it by the people of Canada.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, I wish to take advantage of this my first opportunity to congratulate you on your elevation to your high office, and in the same sentence may I add my congratulations to the Deputy Speaker.

I hope my hon. friend who has just taken his seat (Mr. Thorson) does not go away, because I am going to have something to say to him in a few minutes; meantime I would much rather address myself to the Prime Minister (Mr. Mackenzie King) who consummated this Canada-United States trade agreement. During the past twenty-five years it has been my experience to have pass over my desk from week to week invoices for one or two cars of goods going out of this country and one or two coming into Canada, so that by absorption if in no other way I should have some idea what it means to trade with our American cousins. Perhaps that is why I was interested enough to sit quietly and listen to the Prime Minister expound to us what I hoped would be shown to be the benefits of this trade agreement to our Canadian people. I listened to a long historical review of what had been done in the past, and what they had tried to do with regard to negotiating a treaty. When he came to something political that might sound good to the ears of his followers he stressed it very heavily, but to my idea this agreement is entirely bereft of any virtue or good result in the main to our Canadian people. I was thinking of those Canadians who to-day are on the relief roll, and those good Canadians who find their vocation in industry. I heard that the Prime Minister went across the street in Ottawa to the United States representative and asked for an interview with the president of the United States, because he was going south for a holiday. A Florida frolic! I thought one of his protegés from Ontario did enough of that during the last two years, according to the press reports, to prevent the Prime Minister giving to the press a statement that he was going south for a Florida frolic. However the interview was arranged; the Prime Minister went to Washington, called on the Canadian legation and stayed overnight in the White House—all the things which he said had been done previously by the leader of the opposition (Mr. Bennett). He achieved the interview with the president, as the leader of the opposition did, slept overnight in the White House in like manner, I suppose had the same brand of orange juice for his breakfast in the morning, and I suppose slept in the same bed. At any rate the next morning he gave a statement to the press. Then instead of going south for his Florida frolic he hastened back because Armistice day was approaching, and he made a statement in Canada. I hope there was no political significance attached to that; I do not think there was. However, it will be said that he did a great deal more than the leader of the opposition; he consummated an agreement.

Mr. DUNNING: Hear, hear.

Mr. HARRIS: I admit at once—the hon. Minister of Finance (Mr. Dunning) says "hear, hear"—that he did consummate an agreement. And it will be said that it was on the same basis as the leader of the opposition was negotiating an agreement previously. That side of the picture is perhaps true, but the leader of the opposition stopped and waited to see whether we were going to get everything which which it was in the power of the president to give, inasmuch as the

Prime Minister gave everything which it was in his power at that time to give. He gave most favoured nation treatment; he gave the intermediate tariff—I ask my hon. friends not to go too far away; I shall have something more to say about the intermediate tariff. When he gave this intermediate tariff of course he left a loophole so that when the budget comes down my hon. friend the Minister of Finance, one of those orthodox Liberals that the hon. member for Jacques Cartier (Mr. Mallette) was talking about the other evening, along with his orthodox cabinet, can deal with it. And he will get the support of a lot of other people if he does see to it that when it comes to arranging the intermediate items in our tariff the livelihood of those of our citizens who find themselves in difficult circumstances trying to continue to produce in industry will have an opportunity to live. I would like, Mr. Speaker, to have your position for about a week. If I had it I would make a gangway just beyond these ultra-Conservatives like the hon. member for Parkdale (Mr. Spence) down there so that the radical breezes from the southeast corner would not blow over here and contaminate us. I would take these radical Liberals, these enthusiasts that come from Rosthern or some such place, even my hon. friend from Wood Mountain (Mr. Donnelly), make room for them down beyond the gangway, and pick out a seat for the hon. member for Selkirk (Mr. Thorson), because he will want to sit beyond that gangway by the time the orthodox Liberals are separated from the radicals that the hon. member for Jacques Cartier was telling us about not long ago. I ask you, sir, is it fair to expect us to vote on the Canada-United States trade agreement when we do not know what is going to happen when the budget comes down? I do not think it is. However, here we have it, a white paper with a list of goods which can now enter the United States a little easier, and a great long list which can now flow into this country a little easier. Look at it any way you like; analyze it, and in the main you will find that the products of our primary producers are going to be able to enter the United States a little easier. Yes, we are thankful for that. In a moment I will deal with cattle. But in the main, as far as goods coming into this country are concerned, they will be manufactured and partly manufactured goods. What does that mean? What is going to be the result? It is difficult to prophesy, but we have before us the record of the last twenty-five years, since the 1911 reciprocity deal was sponsored by my hon. friends opposite. As briefly as I can I shall try to recite its effect. First take the railway situation; the Jersey Central, the Illinois Central, the New York Central, the Chicago, Minneapolis & St. Paul, all those railroads running, like the Mississippi river, north and south, depositing their wares close to the border of Canada; you will find more and more of these manufactured goods coming into Canada, whereas our great railroad systems running east and west will lose the most of their revenue from the long freight haul on the traffic which bears the highest freight rates, that is, manufactured and partly manufactured goods. This agreement will tend to divert that trade north and south; it will not help the east and west trade and therefore will not help our railroad problem. The Chicago, Minneapolis & St. Paul will carry goods into our western provinces; the New England lines will supply the maritime provinces; Detroit and Michigan will be supplying southwestern Ontario; Buffalo and that part of New York state will be supplying the Niagara peninsula and Toronto, and Seattle will be supplying British Columbia. Is that going to help our railway situation? Not as I see it. Time will not permit me to go into more detail, but before passing the subject may I say this: When by the agreement the government did away with the preferential position held by our ports of Saint John, Halifax, Quebec and Vancouver, which enjoyed a ten per cent reduction of the duty payable on goods coming to those ports it made a most unnecessary move. It was not necessary to do that. I say that it was not necessary to put New York, Boston and Seattle in the same position as the other ports I have mentioned. Hon. members opposite say that it was. The railways say that we get millions of dollars of revenue from the haul of export goods from midwestern states through Canada.

Some hon. MEMBERS: Hear, hear.

Mr. HARRIS: Of course we do, and ever shall. My hon. friend pounds his desk. Look at the geography; look at your maps, if you have not looked at them, and trace the shortest route to the seaboard from the great Chicago market. Find the shortest route for the export of goods going to London and Liverpool markets. Those goods come through Canada; the freight will find its way through the shortest possible and least expensive route which, fortunately for us, is through Canada. The alibi of some private member in Albany or a senator in Washington introducing a bill is all humbug and eye-wash, to my idea,

because business will find its channel along the lines of smallest cost. That is my experience and it has been the experience of other business men, regardless of the sentimental idea that our United States cousins would force these goods to go over their own railroads. I would remind the house that their railways run north and south, anyway.

I do not know the constituency of my hon. friend, but he seems to be taking an active interest in the subject. I may have something to say to him in a moment or two.

Mr. McPHEE: My interest is in the new senator who has just entered the gallery.

Mr. HARRIS: I will leave it to the maritime righters to rise in their places and tell us all about the port preference. Perhaps they may be moved down beyond the gangway, before the next four years are over.

I shall return to a discussion of the remarks of the hon. member for Selkirk (Mr. Thorson), and shall deal with his observations on the Ottawa trade agreements. I wonder if he has been in a huddle with the Minister of National Revenue (Mr. Ilsley) in his consideration of this matter. I wonder if he has looked at the figures; I wonder if he has looked at the statistics; I wonder if he really thinks they are as iniquitous as he would have us believe. I wonder if when he was speaking about the increase of trade with the United States in January he would not have been more fair if he had shown that whereas there was an increase of $5,600,000 in exports to the United States in that month, at the same time we had an increase of $6,000,000 to the United Kingdom, due to the Ottawa trade agreement. Why did he not put all the figures and all the facts on record, if he wanted to put any of them before the house.

He has said that the tariff was raised two hundred per cent, but he does not mean that. He has stated that an unfriendly spirit has been engendered in Great Britain towards Canada, but he knows that is not true. He knows that when a question was asked in the House of Commons on December 10 of last year by Sir Percy Hurd I think it was, the reply by the Right Hon. D. Hacking, Under Secretary of State, was in most friendly terms. The hon. member for Selkirk quoted nothing to support his statement, but I shall give something to support mine.

Looking over my files I find a letter dated February 3, addressed to me from Kingsway, England. This letter contains a review of general conditions. There is one page dealing with Russia, another with Germany, another with France, and then some observations on this country. My English correspondent is a director of organizations employing at least 3,000 people; he is connected with seventeen concerns, is chairman of a European cartel and knows whereof he speaks. He says:

In this country—

The United Kingdom.

—our position following Ottawa and the duties which were imposed here, is distinctly improved. Production has increased and we have gained a larger share of our home trade which has benefited us in spite of the fact that prices have shown a tendency to fall rather than to increase as a result of the tariff.

We have made substantial strides in general production as well as in special production, and are now getting a very substantial share of the home trade in the former category as well as in the latter. One result of the tariff has been that this country is taking its proper place as an important producer.

I have given a statement supported by evidence, whereas my hon. friend's iniquitous statement was one without any evidence of fact behind it. To substantiate the facts I shall quote figures supplied by the Dominion Bureau of Statistics. These figures show that our domestic exports to the United Kingdom increased from $16,611,036 in January, 1935, to $21,682,840 in January, 1936. At the same time I admit there was only a small increase in our imports from the United Kingdom. Then, we find a substantial increase in yearly exports to the United Kingdom, and we find that they jumped from $174,043,725 in 1932 to $184,361,019 in 1933, $227,601,411 in 1934 and $274,182,737 in 1935. I ask the hon. member to go home and ask some of the hog producers of the dominion how they feel about the empire trade treaty. They saw the production of 6,000,000 hogs per annum raised from the four dollar per hundred price level which was prevailing. One year it is raised to six dollars, then the next year to eight dollars, at which price it remained, and we have poured $24,000,000 into the pockets of the Canadian farmers in one year and $48,000,000 in the next year by raising that level. I ask the hon. member if that was so iniquitous or if it was hard for us to take. Was it hard on the Canadian people? Did it make for what he called empire nationalism?

The hon. member has said that the trade agreement with the United Kingdom made it more difficult for us to make agreements elsewhere. He suggested that we were becoming nationalistic and empire minded. I say to the hon. member for Selkirk here and now that this Canada-United States agreement will do more towards Americanizing us than did the United Kingdom agreement towards making us more British. I ask him to take

his choice; does he wish to be more Americanized? In twenty-five years does he wish to see this country another state of the union—

Some hon. MEMBERS: Oh, oh.

Mr. HARRIS: —or would he not be more content to be a little more imperialistic? That is all I have to say to the hon. member for Selkirk.

In the next sentence I admit that there are some good features in the United States agreement.

Some hon. MEMBERS: Oh, oh.

Mr. HARRIS: The Minister of Finance does not seem to think that that is sensible or logical.

Mr. DUNNING: I do; it is the first logical thing the hon. member has said.

Mr. HARRIS: In the same sentence I say that there is not enough. Let us take the commodity about which the hon. member spoke a few minutes ago, namely cattle. Why did the government not get the full presidential possibility in the arrangement as to cattle? There is a quota. Why did they not get one and a half cents a pound while they were trying to get something, instead of being content with one cent per pound? I say that we are not anywhere near back to the export position with cattle we occupied when hon. members opposite came into power in 1921. I hope we get back to a position where cattle will enter free. After all is said and done, we have a small quota—not as much as was exported in the days of 1921, 1922 and 1923, so far as numbers are concerned. I say that the quota should have been doubled in order to stimulate our Canadian market. But through the quota we have in the agreement there is provision for less than one per cent of the American consumption or the American slaughterings of cattle.

Let us look at the white paper. Point out to me any other commodities coming into this country in connection with which United States interests will not raid our markets—not by one per cent, as in the case of cattle, but by twenty-five per cent and fifty per cent. If I were one given to exaggerating, as is apparently the hon. member for Selkirk, I would talk about a two hundred per cent tariff. I could go so far as to say that in some respects our markets would be raided by one hundred per cent, owing to the effects of this agreement.

I shall devote the rest of my time to an attempt to picture what is going to happen in the next twenty-five years, with this trend facing us, and what would have happened had the 1911 reciprocity treaty been negotiated. All through my remarks, Mr. Speaker, I am trying to think of those of our people who are looking for work or employment. If the agreement of 1911 had become law it is safe to say that the percentage of exports of manufactured goods and of raw products from this country would have remained about the same. The imports of manufactured goods may have increased, but let us grant for the moment that the percentage would have remained the same, and the percentage of raw materials the same, and let us compare the 1911 figures with the figures for 1935. But first let me make this observation. It has been my pleasure for many years to look over many operating balance sheets, and I find that on the average fifty per cent of the cost of an article goes for raw materials, twenty-five per cent for wages and labour, and the other twenty-five per cent represents expenses of production, profit and loss, interest rates and overhead. Comparing 1911 with 1935, what do we find with regard first to our exports? Based on that assumption which I have made, our exports of fully manufactured and partly manufactured goods increased from $44,000,000 in 1910 to $164,000,000 in 1935, a percentage increase from 42½ per cent to 75·3, and figured on the basis of last year's exports, $224,679,000, we have an increase of 30 per cent in the exports of manufactured and partly manufactured goods. Twenty-five per cent of that increase represents wages. In other words, we have retained in Canada a payroll representing last year $17,051,000, on that one item alone, because we did not negotiate the 1911 agreement.

In like manner we had a smaller export of raw materials. It is interesting to note that in the last twenty-five years our exports of raw materials to the United States have not increased by one dollar, being $58,000,000 in 1910 and $58,000,000 in 1935. Therefore when you have increased your total export from Canada from $104,000,000 to $224,000,000, you have decreased the percentage export of raw material, and have retained those goods in this country to the tune of 30·8 per cent of the $224,000,000. That means that if we had maintained the percentage we would have lost the opportunity of putting labour to work on 30·8 per cent of $224,000,000 worth of raw materials, which is being manufactured in this country into manufactured goods for sale. That amounts to $69,000,000, raw materials representing fifty per cent and wages twenty-five per cent. In other words it means that you have retained for Canada in that item alone of decreased exports of raw materials, $34,603,000 in wages.

In like manner we have had a lesser percentage importation of manufactured goods,

but would you have had a lesser percentage importation of manufactured goods if you had negotiated the reciprocity treaty in 1911? You would have had an increased percentage of manufactured goods, and we Canadians truly would have been hewers of wood and drawers of water for Uncle Sam. Now 3·2 per cent is the lesser importation of manufactured goods, and that percentage of $303,000,000 amounts to $9,716,000, twenty-five per cent of which is for labour performed, not by American workmen, but by Canadian workmen last year. That is what was saved in wages to the Canadian people on that one item last year because the 1911 reciprocity treaty was not enacted into law. The percentage of importations of raw materials increased from $73,000,000 in 1910 to $112,000,000 in 1935. The percentage increase of 3·2 of the total imports of $303,000,000 amounted to another $4,858,000, representing working wages for our own artisans.

I have not time, Mr. Speaker, to give all the other figures which I have under my hand and will give them to Hansard:

Exports—1910		
Partly manufactured.. ..$	25,790,666	
Fully manufactured.. .. .	18,528,049	
	44,318,715	42.5%
Raw material..	59,880,960	57.5%
	104,199,675	
Exports—1935		
Partly manufactured.. ..	53,076,348	
Fully manufactured.. .. .	111,773,115	
	164,849,463	73.3%
Raw material..	59,848,460	26.7%
	224,697,923	
Imports—1910		
Partly manufactured.. ..	19,351,451	
Fully manufactured.. .. .	124,706,598	
	144,058,049	66.1%
Raw material..	73,946,507	33.9%
	218,004,556	
Imports—1935		
Partly manufactured.. ..	18,874,371	
Fully manufactured.. .. .	172,165,536	
	191,039,907	62.9%
Raw material..	112,600,065	37.1%
Increased exports, manufactured and partly manufactured goods.. .. ..$	17,051,900	
Decreased export, raw material.. ..	34,603,800	
Decreased import of manufactured and partly manufactured goods..	2,429,112	
Increased import of raw materials..	4,858,224	
	$58,943,036	

[Mr. Harris.]

Let me make this general observation. Had we remained in the same position we were in in 1911, then if we had passed the 1911 treaty and had no increase in the export of raw materials and no increase in the importation of manufactured goods it would mean that because of the treaty $58,000,000 less would be paid out through the payrolls in Canada than was the case last year. I prophesy this, Mr. Speaker, that if the government goes the way the radical Liberals want them to go, not the orthodox chaps, that is what is going to happen, and instead of having a balanced economic life as we have in Canada to-day, we will have an economic life very much out of balance; our people would have to revert to primary industry when everybody knows in his heart that that is the last thing they will do. Let me illustrate that trend. People are prone to say to-day that machinery is displacing labour, and to a degree it certainly is, but primary production in this country to-day is nevertheless employing the same number of people that it did in 1910 whereas manufacturing industry has jumped from 400,000 to 600,000.

In 1910 two-thirds of our people were engaged in primary production and one-third were engaged in secondary production, but to-day fifty per cent of our people are in one category and fifty per cent in the other. If you leave out the people engaged in services —I refer to people such as are members of this assembly, non-producers, educationalists, men who look after our spiritual welfare, doctors and all those others who look after our services—if you take out that one million and leave only the producers, primary and secondary, you have the balanced national life such as we have in Canada to-day. And that proves my point, which is that there has been retained for Canada an annual payroll of $60,000,000 by the rejection of the 1911 treaty. So I say to you orthodox Liberals, if you accept this Canada-United States agreement you will jeopardize the future of this country to the extent I have indicated, and I do not think you want to do that. In other words, Mr. Speaker, get the gangway ready and let us find out who is who on this agreement.

I would not say anything to my hon. friend from Lake Centre (Mr. Johnston) if he were not a former member of this house. But last night he rose in his place and deprecated the increasing costs of agricultural implements. Agricultural production has gone down and manufacturing production has gone up, and so we have a more balanced economic life in this country. Our production of products of agriculture, forests, fisheries, mining and electric power amounts to $1,051,543,238, or a

percentage of 49·95 of our total production, while our production of manufactures amounts to $1,170,225,872, or 50·05 per cent of our total production.

I want to say a word to the Prime Minister (Mr. Mackenzie King) who, in a little wee paragraph about so big in his speech, was so solicitous about manufacturing industry. I shall not take time to read it, but he said that in no case would Canadian industry be in a worse position, that on the contrary industry would be in a better position because of the reduction in the costs of implements. Dealing with the primary producer, first, what did the hon. member for Lake Centre say last night about the reduced cost of the implements of production? As he said, when the duty went off, the price went up. We held them to the dotted line when we were in power and saw that they did not increase the cost of implements to the primary producers. The amount of secondary production in manufacturing these instruments of production is very little. He said there would be a lessened cost of living. Surely my right hon. friend does not mean to give to the industrialists the idea that those who find a vocation in their particular plants are going to have a lessened cost of living. If that is done, if the living costs are reduced, in the next breath they will be saying that wages should be reduced also. I employ 140 men and I have not fired an honest one in ten years. I think every one of those men respects me, but I know they are all having a hard time to get along. Their wages are too low. If the Prime Minister holds out the bait of a lessened cost of living, certain manufacturers, with whom we do not like to associate, will take advantage of his statement and see that a lessened living cost means a smaller pay envelope. This would be bad business.

The hon. member stated that an increased demand for commodities would stimulate trade. Be careful to see that that increased demand for commodities is not supplied by our friends south of the border. I still have faith in the orthodox way of doing things. I have before me a long list of items to which I should like to refer, but I have not the time. I shall deal with one which is not very important; I shall not deal with those that do matter for fear that they might not be fixed up when the time comes. There are ninety-three establishments manufacturing jewelery in this country with a capital of $8,000,000. The total production is worth $6,000,000 and 1,600 men and 500 women are employed with wages amounting to $1,500,000 and salaries amounting to $779,000. Under the intermediate tariff articles of adornment will come into this country much more readily than previously. The government is endangering these ninety-three industries. At least they will be slowed up. You are not doing anything to stimulate this industry, you are endangering the vocations of these 1,600 men and 500 women.

I wonder how many of those men in the west who are in the habit of covering a driving shed with tar paper have been to Philadelphia and have seen that tremendous factory along the Schuylkil river which manufactures tar paper? The duty on tar paper has been reduced ten per cent. There are eleven factories in Canada manufacturing this commodity, with a total production valued at $4,000,000; five hundred men are employed in this industry which represents a total investment of $5,000,000. In practically every fair sized city throughout Canada you will find close to the gas works one of these factories manufacturing tar paper. There is danger of their product being displaced by the product of that gigantic company down by the Schuylkil.

The problem is so simple and has been enunciated so many times that I hesitate to repeat it. A manufacturer in the States will manufacture 1,000 units of his product. He sends out his travellers throughout the length and breadth of the States; they return with their orders, but when shipments are finally made it is found that there are 100 units which have not been sold. I do not care what industry you take, furniture, clothing, radios, furnaces or anything else, this applies equally to all. When the manufacturer sees he has 100 units still unsold does he send out his selling organization to try to sell these in the United States? No, they are dumped in Canada. It may be said that we have dumping regulations, but I say that the government has in the back of its head the idea that those dumping regulations will be done away with. These questions must be handled in an orthodox way, either that or get out to the end of the gangway. Those 100 units will be dumped in Canada.

My hon. friends on the treasury benches contend that they are anxious to do something for those who are in remunerative employment and for those who are employable but at present on the relief rolls. I am sure the hon. member for Prince Edward-Lennox (Mr. Tuskin) probably will have something to say about this. I almost forgot the Minister of Trade and Commerce (Mr. Euler); he may have something to say. Surely the hon. member for South Waterloo (Mr. Edwards) will speak about this matter. The old rate on furniture was 45 per cent, the new

rate is 27½ per cent. The furniture industry employs 7,783 men and 565 women and pays wages and salaries amounting to $7,000,000. There are 380 factories in Canada and the industry as a whole has had very difficult times. During the past five years business has shrunk twenty, thirty and forty per cent. Furniture can be produced much more cheaply in the southern States than in Canada. The cost per unit is much less because of the greater use of automatic machinery to displace labour. The factories in Grand Rapids, Michigan, are more than anxious to supply western Canada with the necessary furniture. These manufacturers know and the government knows that this Canadian industry has had its trials and troubles because of the industrial codes which have been put upon the statute books of the province of Ontario. These employers are finding it difficult to get along and the government should be fair to them and give them an opportunity to survive.

I notice that it is intended to permit a tourist to bring back $100 worth of goods every time he goes to New York. The other Sunday evening a lady and her daughter came to my house for dinner. She told me that she had been in New York the week before with her daughter and that they had both bought new ensembles. They intended to go down to the Sunnyside boardwalk on Easter morning if it was fine and display their two hundred dollar purchases. Each and every year from 500,000 to 1,000,000 people cross the border between this country and the United States. I am not one who believes that because there are twelve times as many people south of the line, we can expect twelve times as much trade. If these million people who go back and forth every year bring in only one-half their quota of goods, it means goods to the value of $50,000,000. When this amount is broken down, as I indicated a few moments ago with other figures, it represents a reduction in the payrolls of Canadian people of $12,500,000 per year. The reduction will be at least that much, if not more.

When people from south of the border come over here they just shoot a few deer and take home the horns. They may take home a box of fish or a few pieces of woollen goods, but that is all. When it comes down to the question of style, we go to the United States. Look at what the hon. member for Parry Sound (Mr. Slaght) brought from Broadway? What do you think of that? Was that made in New York? Goods brought home from New York! See the cut of it!

[Mr. Harris.]

But in garments such as these, in which my hon. friends may strut around, will be twenty-five dollars' worth of wages for an American citizen, wages taken from a Canadian. And what applies in that regard will apply not only to dress goods, but to Edison inventions of one kind or another, Westinghouse inventions of one kind or another, parts of this, that and the other, all the handicrafts of Americans who set the style, who set the vogue, who give us our new inventions, let in to the tune of $50,000,000, twelve and a half million dollars of which is taken from the wage earners of Canada.

While the present Prime Minister was in power for the ten years from 1921 to 1931, 1,255,000 of our people left Canada and 288,000 Canadians returned to Canada—a loss of close to a million in ten years; 100,000 a year on the average went south. They are not going south now; they are coming back. The duty of the Prime Minister as I see it is to provide for them, to provide for the employables, to provide for those who are to-day engaged in industry, and to see to it that his broad ideals about free trade and breaking down the barriers of world tariffs here and there do not blind him to his responsibility first to tackle the problem of finding work for the minds and hands of all kinds and classes of our people to-day, and then to go carefully on agreements such as this.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, as I listened to the organ tones of my hon. friend from Danforth (Mr. Harris) I could realize the joy that is in his heart because at last he is able to get up once more and make a typical old-fashioned, 1911, Tory, no truck or trade with the Yankees speech. I know how much he enjoys doing that, and we should allow him a little latitude because, during the months immediately prior to October 14 last, think of the repression which my hon. friend from Danforth had to exercise while his leader and other leaders of his party were making pilgrimages to Washington, almost on their hands and knees, in an endeavour to secure from that country an agreement which could not do for this country what the agreement of 1911 would have done had it been executed.

This government entered into the agreement with the United States of America because we sincerely believe that agreement to be a good thing for the Canadian people. We also believe that it is a good thing for the American people. We do not view matters of trade as matters of war, but we do view trade as a means of building up

mutual interests. We believe it to be possible on the basis of the start now made, a start which has been striven for by people of good will in both countries for many years, to go forward and develop to the mutual advantage of people on both sides of the international border an ever increasing volume of trade. We do not claim perfection for the treaty. The negotiation of it was necessarily surrounded by the limitations which were upon the governments of both countries, limitations which have been discussed by both the Prime Minister (Mr. Mackenzie King) and the leader of the opposition (Mr. Bennett). This much is clear, however, from our point of view, that when the right hon. leader of the opposition says that he refused to sacrifice his country, thereby implying that we have done so, we make no great professions of pluperfect patriotism; we are not entitled to use the words "my country," as he does; we can only use the words "our country." We have not as large a proprietary interest in it, it is true, but we are Canadians, and we resent that old Tory accusation that we are sacrificing our country. No man in this house, no matter what his party, would intentionally sacrifice his country. We may make mistakes in judgment—all of us, I presume, have done so—but I do not believe there is a man in this house who falls short of another in his affection for and his support of this Dominion of Canada and its people.

With regard to my right hon. friend's speech I want to point out one or two things in it, in the short time at my disposal, and I shall hurry on and adhere very closely to my notes.

The right hon. gentleman indicated percentages of reduction in the treaty on United States goods coming into Canada, and he rolled over his tongue "100 per cent," "50 per cent," and another percentage, but he did not of course tell the house that these percentage reductions were exactly those involved in his note of November 14, 1934, to the government of the United States; that the offer made by my right hon. friend and his government involved all the percentage reductions he referred to.

Mr. BENNETT: Mr. Speaker, I must rise to a question of order. There was no offer made. There was an offer of a basis for negotiations.

Mr. DUNNING: Yes, Mr. Speaker, I expected my right hon. friend to correct me. It was a basis for negotiations. Whoever heard of any one advancing as a basis of negotiations more than he was prepared to give, or demanding in return less than he was prepared to take? This was the commencement of a deal. The advances a basis of negotiations, to use his own language. He does not mean to tell this house that he asked the United States for less than he was willing to take in opening negotiations. I do not think he would ask us to credit anything of the kind. My right hon. friend says, on page 625:

> I am one of those who have always been more or less alarmed and concerned about the favoured nation clauses in our treaties.

Well, sir, as a basis of negotiation, on November 14, 1934, he offered the United States of America full most favoured nation benefits in their relations with Canada. Those benefits must necessarily have been exactly the same then as now. There has been no change in the meantime.

Mr. BENNETT: If the hon. gentleman will permit me, he has entirely misapprehended the point. The point was that that was the basis of negotiation, depending entirely upon what we got for it, and unless we got sufficent for it we would not give it.

Mr. DUNNING: I shall come to that point presently. In the meantime, Mr. Speaker, I hope you will remember these interruptions. Unlike my right hon. friend, I have not three hours; I have only forty minutes in which to develop my argument.

Then on page 627 my right hon. friend says:

> That means that we have bound ourselves not to increase the duties, either intermediate or general, during the term of this agreement on those seventy-seven items.

This is an entire misapprehension of fact. There is no such undertaking anywhere in the agreement as far as the general tariff is concerned. Later on the same page my right hon. friend refers to the right granted the nationals of any country under the intermediate tariff to bring in their goods through other intermediate countries, and he says that the practice of goods passing through other intermediate countries started with the French agreement of 1922. Perhaps the point is not of very great importance, except for the reference made to my hon. friend the Minister of Justice (Mr. Lapointe) in that connection, but I would point out that the same provision was in force for many years prior to 1922 and occurred specifically in the agreement with France negotiated in 1907. In fact it was in existence for many years prior to that in connection with British treaties to which our young dominion adhered. I might specially mention the old arrangement with Switzerland. It will be evident to everyone that it must have been the case in connec-

tion with any agreement with that country, because Switzerland is entirely an inland country and goods passing from Switzerland to Canada necessarily must pass through another country in order to reach our shores.

Then there is a most astonishing statement by my right hon. friend which apparently he expects us to take for granted. He says:

> I need hardly point out that in all the treaties that have been negotiated up to the present—and this we did point out with as much clarity as possible—we proceeded on the assumption that the United States was under the general tariff.

Then he goes on:

> I am not in a position at the moment to state what will be the result in the various countries with whom we have treaties, now that they find themselves no longer under their special treaties, meeting the conditions provided thereby, but are faced with a new set of conditions under which the nearby United States of America enjoys the same benefits and in some instances even greater benefits—

And so on. Well, Mr. Speaker, that is a most astonishing statement, the idea that we told or implied to countries with whom we entered into agreements down through the years that the United States always would be under the general tariff, and that these countries, though they were getting only our intermediate tariff, could always rely on this great potential competitor, the United States, being subject to our general tariff. Well, certain fairly recent negotiations, those of 1932, under the late administration may have been carried on in that spirit or attitude of mind, but surely it was never stated by anyone in authority, even under the extraordinary circumstances of 1932, that the United States would remain always under the general tariff. No more was any such promise, statement or implication given in respect of Canada's past negotiations with any other country, British or foreign.

I am attaching very considerable importance to this, Mr. Speaker, and am being very careful of my words because it is an extraordinary spectacle to see a former prime minister deliberately suggesting to treaty countries that the government of the day in Canada has so acted that they, the treaty countries, find themselves no longer under their special treaties, to use the right hon. gentleman's own words, meeting the conditions provided thereby, but are faced with a new set of conditions. I quote exactly from my right hon. friend's words. Such an idea, I venture to say, sir, would not occur to any of the countries with whom Canada has commercial agreements, since Canada, no less than they, is free at any time to admit to its most favoured nation circle any nation on earth not formerly within that circle.

If my right hon. friend believes what he says in this regard how did he feel free to offer to the United States our intermediate tariff or our most favoured nation treatment? Surely he was not deceiving the United States in making that offer. How then, after the event, can he come here and create doubt in the minds of all those countries with whom Canada at present has trade treaties? Then my right hon. friend goes on to say:

> We have built up our ports on that assumption ... on the assumption that in all the treaties we made by which we granted favoured nation treatment to various countries of the world, it would be provided that they would ship their goods direct to this country through a lake, river or sea port.

Again I ask, did my right hon. friend inform the United States that the only kind of agreement he was willing to consider with respect to the United States would be one which compelled all goods coming from that country to Canada to enter in that manner? He knows perfectly well that he did not. It would have been an absurdity when, as a matter of fact, the boundaries of these two countries meet over three thousand miles of land. Such a provision inevitably would mean that parts of Canada could not import goods at all from the United States under the provisions of the treaty. If my right hon. friend really means what he says in this regard at least he should have pointed out to the United States in his note of November, 1934, that his offer was limited to goods that would be imported at sea, lake or river ports only. Did he do so? No.

Then the right hon. leader of the opposition asks what will be the effect on our railways. I for one am not apprehensive as to the effect on our railways, but I was apprehensive, as I believe members of the previous government were, of the possibilities inherent in the measures which had been proposed on several occasions in the United States congress by way of retaliation on Canada in this regard. There was, as every man who has occupied a position of ministerial responsibility in recent years knows, a grave danger that the White bill, or one of the other retaliatory measures which have been before congress in recent years, might possibly have become law, and it is not too much to say that both our great railway corporations were very apprehensive of the result of such a retaliatory measure on the part of the United States.

Then I come to the effect on our factories. Men are being released from employment, my right hon. friend says, in some of those branch factories to-day because it is cheaper to pro-

duce the goods in the central United States. Well, Mr. Speaker, I have made some inquiries. Some of the very few branch factories from which men are being released are branches of United States concerns which have been in existence in Canada in recent years with extremely high protection, achieved by means of arbitrary valuations, which had no economic justification for existence.

Then the right hon. gentleman developed his argument further and said, "We have a right to know whether the intermediate tariff is to be raised or not, because it changes the agreement." Well, Mr. Speaker, in fact it does precisely the opposite, because the agreement itself reserves to the Dominion of Canada full control over its intermediate tariff, with the exception of those items specifically excepted, which are contained in a schedule separate from all the rest. As to the right of the opposition to know to-day what will be proposed in the budget with regard to the intermediate tariff, it would be just as reasonable to ask what will be in the budget with respect to the intermediate tariff next year or the following year. The right of Canada to deal with its intermediate tariff, with the exceptions I have noted, is specifically and clearly preserved in the agreement. And we propose to deal with the intermediate tariff in accordance with the best judgment of this government and in the interests of the people of Canada. We shall propose to the house from time to time, in successive budgets, such modifications, up or down as the case may be, as we feel we can justify to this parliament as being in the best interests of the people of Canada.

Then my right hon. friend says, on page 629:

> The government may reduce every item in the tariff except those with respect to which they are bound to specific duties or free entry, ...

Well, Mr. Speaker, the bound items do not bind the government of Canada not to reduce. They merely bind the government of Canada not to increase during the currency of the agreement. We have perfect freedom to reduce the rates with respect to the bound items, and my right hon. friend was quite incorrect in his reference to that matter.

Then there was a dramatic interlude. The right hon. gentleman gave a list of items which must be considered by this government —eggs, oats; he goes on all through the list. Now, these items existed in exactly their present form when the basis of negotiation of November 14, 1934, was offered to the United States. My right hon. friend knew at that time that these rates existed and that if he succeeded in making the treaty he would be faced with the question of how items such as these should be dealt with. And he expected, as this government expected—and as this government accomplished—that the right of this parliament to change its intermediate tariff on such items would be entirely preserved. I presume my right hon. friend knew perfectly well that he could not come to this parliament with any agreement which involved a wholesale surrender of the right of parliament to deal with its intermediate tariff. In that regard we agree with him, and we have preserved the right of parliament to deal with its own tariffs.

Then the leader of the opposition becomes very much concerned. He says, "What more can we give the United States than we have already given them under this agreement? What have we left to negotiate with?" "All is lost," he says, "nothing more can be done." What are the facts? Sir, there are hundreds of items in the Canadian tariff on which the existing rates are relatively high and often prohibitive. There are scores of items on which the intermediate tariff is the same as the general. In my humble opinion we have a great deal with which to bargain with the United States, if we wish to put it that way.

Then my right hon. friend got into a little difficulty with the Minister of Trade and Commerce (Mr. Euler). At page 634 the Minister of Trade and Commerce asked:

> Mr. Euler: Did you ask for fifty per cent?

And the leader of the opposition replied:

> Mr. Bennett: The question is not whether we asked for fifty per cent; we said fifty per cent would not be adequate.

Now I am in some difficulty, because a great deal of the information regarding these negotiations which is in the possession of the government is necessarily confidential. Obviously also we do not want to be in the position of cross-examining civil servants, who served the late government and serve ourselves faithfully and well. But I can say this, that there is nothing on record anywhere showing that my right hon. friend ever asked for the full fifty per cent, the full extent of the president's powers, across the whole line of the American tariff. There is on the other hand plenty of evidence that my right hon. friend never had in his mind the possibility of getting a fifty per cent cut on the whole American tariff. What is that evidence? What did he suggest as a basis of negotiation? Now, anyone knowing him would know that he would ask for enough. He would surely ask for the utmost possible by way of concession from the United States. And what did he ask for? He asked that the United States should

reduce its tariff by fifty per cent on a specified number of natural products—not all across the board, as he said the other day—and reduce existing rates on a number of partly or wholly manufactured products of Canada. This was offered as a basis of negotiation. If my right hon. friend ever expected to get a fifty per cent cut right across the board, surely he would have asked for it in his basis of negotiation. Surely he did not expect the President of the United States to say: Why Mr. Bennett, you have not asked for enough!

My time is getting along, and I want to deal now with the point of my right hon. friend's argument that we have given far too much for what we have received. What have we given? Again I refer to my right hon. friend's basis of negotiations of November 14, 1934. He offered the whole intermediate tariff.

Mr. BENNETT: He did not.

Mr. DUNNING: Well, perhaps I had better quote from the note.

Mr. BENNETT: Yes, just quote. I hesitate to interrupt.

Mr. DUNNING: I read this:

The mutual concession of tariff treatment as favourable as that accorded to any other foreign country;—

Mr. BENNETT: Read the first part.

Mr. DUNNING: These are my right hon. friend's own words:

—this means that Canada would extend to the United States its intermediate tariff—

Mr. BENNETT: Quite so.

Mr. DUNNING:

—involving reductions from the present rates of duty on some some seven hundred items, including both natural and manufactured products, together with a number of further reductions below the intermediate tariff rates through the extension to the United States of concessions made by Canada in trade conventions with foreign countries.

That is what my right hon. friend said. Now he says he did not offer the intermediate tariff to the President of the United States.

Mr. BENNETT: Mr. Speaker, I repeat that he did not. If the hon. gentleman desires to read from the note, let him read what is said. That was the basis of negotiation; then follows a statement of what we wanted in return, and the Secretary of State wrote to us saying each item would have to be taken up item by item.

Mr. DUNNING: Of course. But my right hon. friend in this original basis of negotiation offered the intermediate tariff.

[Mr. Dunning.]

Mr. BENNETT: He did not do that. He offered that only as a basis of negotiation.

Mr. DUNNING: And he now desires us to believe that he offered as a basis of negotiation something less than he was willing—

Mr. BENNETT: No, he did not say that either. It depended on what he got.

Mr. DUNNING: Well, Mr. Speaker, my right hon. friend offered as a basis of negotiation most favoured nation treatment, in the clause I have just read. He offered the binding of the free list, and he offered shipping participation. Will my right hon. friend deny that?

Mr. BENNETT: Offered what?

Mr. DUNNING: Shipping participation, the shipping provision.

Mr. BENNETT: Certainly he did not make any offer of that kind.

Mr. DUNNING: Then my right hon. friend stands convicted—

Mr. BENNETT: No, hold on. Does the hon. member ask me whether or not it is in the document?

Mr. DUNNING: I ask if my right hon. friend offered the United States the direct shipment provision.

Mr. BENNETT: He did not offer them direct shipment, because no bargain was arrived at. The matter was discussed; that is the position. It was discussed, that is all.

Mr. DUNNING: I am afraid my right hon. friend would stand convicted of having deceived the United States because—

Mr. BENNETT: Not one bit of it; it was discussed, and that is as far as it got.

Mr. DUNNING: The language of the note is clear, and I would commend it to the study of all hon. members.

Mr. BENNETT: Hear, hear.

Mr. DUNNING: It is a truly historic document. The man who wrote it is forever estopped from criticizing the treaty which this government entered into.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, we are discussing the following resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty's Government in the Dominion of Canada and the Government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

At the outset I wish to say that I propose to support the resolution and to facilitate the introduction of the necessary legislation, so that in its course through the house, in the commitee of the whole and the various stages the details may be discussed.

It is not my present intention to discuss many of those details. A few I shall touch upon by way of illustration, but I do wish to deal with some of the principles involved in, shall I say, this transaction. May I preface what I wish to say a little later on by observing that one could scarcely call this agreement a treaty of reciprocity, in the old acceptation of that term. Rather it is a trade agreement based upon the modern exigencies of the case and the times. I do not believe there is much to be gained by an analytical examination of the history of the two old parties in Canada with respect to the reciprocity policy. A few days ago we listened to the right hon. the Prime Minister (Mr. Mackenzie King), and he will pardon me if I suggest that the first two hours of his speech spent upon a well worked out historical record was less interesting than the last half hour which dealt with the treaty. I think the same can be said about other speeches we have heard. The argument back and forth as to whether the Tory party was for reciprocity and the Liberal party more so is not of much avail.

I am going to speak for myself. I have been in the house for, I believe, twenty-five years. Up until a year ago, or thereabouts, I was a member of the Conservative party. I cannot recall that during that time the Conservative party favoured reciprocity with the United States. Certainly I did not. I may have been misguided or misled, but certainly I am not going to pretend to the house that I favoured reciprocity, because I did not. In 1911, my first election campaign, I was elected after a very bitter controversy over reciprocity. On many occasions since I have opposed reciprocity in various forms. I would not be true to myself or to my past record were I to pretend to-day that I was or had been in favour of reciprocity.

In 1932 or thereabouts, however, at a time when I was Minister of Trade and Commerce, I realized that the trade relations between Canada and the United States were not on a very good basis. For many years—and I am not excepting the period between 1922 and 1930 when the right hon. gentleman opposite was in power—we had had, shall I say, certain controversial relations with the United States on these matters. There was no open governmental controversy, but it was well known that the views of leaders in the United States were strongly against reciprocal arrangements with Canada, and on the other hand there was a good deal of criticism in Canada of the attitude of the United States towards entry of our goods. So I might be justified in saying that there was a degree of controversy.

About 1932, in view of conditions that were developing the world over and the inhibitions against Canadian exports entering other countries, I felt that quotas, import restrictions, the raising of tariffs, what is commonly called a national spirit, which was so prevalent and is still so prevalent throughout the world, placed many obstacles in the way of our trade and in the way of trade generally. I felt it was highly desirable that Canada should study the trade relations between our country and the United States, and with that in mind I instructed the staff under me at the time to proceed to a study of the trade between the two countries, and to prepare in detail the items upon which without injury to ourselves and in all fairness to the United States we might offer some considerations for favourable trade. I find in the agreement many of the items which we reviewed about three years ago. Many of the commodities we had studied then are included both in the note of November 14 and in the treaty. Why, under those circumstances, should I oppose the agreement?

In considering this matter I think we might take a look at the world. If we do that we will note that the great continent of Asia is the scene of threatened conflict—I am not overstating it when I use that word—between the great empire of Japan, and Russia, with China as the bone of contention. Every day in press reports we find announcements of new developments, and relations are very much strained. There is little evidence of peace and good will in Asia. Turning to Europe we find all the older and more powerful nations feverishly arming and eagerly making alliances one with the other when they think such alliances will help them in the defence of their realm—not trade agreements, not commercial understandings with each other, but alliances of defence or offence, as the case may be. Africa is a cockpit, and at the present time a slaughter is taking place in that continent which certainly offers a challenge to the modern idea of humanitarian practice. However on the American continents, both north and south, we have a condition of peace and accord, and nothing threatens the good will of our people. I suggest, therefore, that any gesture

of good will between important countries on the North American continent is a splendid contribution to the general cause of peace and good will and concord, and while the Prime Minister may have exaggerated to some extent its influence on the rest of the world, one thing is certain in my mind, and that is that we would do well to ensure as far as we possibly can that there shall be enduring peace and concord in this part of the world. I know of no better way, Mr. Speaker, of bringing about that condition than by settling all outstanding trade and commercial difficulties and differences.

May I read an extract from this famous paper that has been quoted so often, and which I agree with the Minister of Finance (Mr. Dunning) is historic and important. I quote from the reply of Mr. Cordell Hull, Secretary of State for the United States, to the famous note of November 14. The American minister in his reply says:

> I believe that a point has now been reached when an exchange of views on this subject with Canada should be undertaken, and I am, therefore, gratified to learn that your government is of the same mind. Whatever the desirability of the freest possible exchange of natural products, and indeed other products, between the United States and Canada as an ultimate goal, the United States government must in any negotiations undertaken at this time restrict itself to measures authorized by the Trade Agreements Act, 1934.

The point to which I wish to call attention in this quotation is that the agreement is obviously looked upon by the government of the United States, and so declared in this historic document, as a step towards some ultimate goal which would be of a wider character than the present agreement or than that which was outlined in the note of November 14, 1934. And so, Mr. Speaker, in supporting this resolution and facilitating the passage of this measure we are taking, I believe, a step towards a larger and a more complete ultimate understanding with the United States. If that can be achieved I think it is all to the good.

Let us look for a moment at the agreement. The agreement is, as I have said, a step or a gesture in the right direction. I notice that the right hon. the Prime Minister (Mr. Mackenzie King) the other day seemed desirous of justifying himself for the action he had taken. I want to say to him that I do not think he needs to do that at all. I think that the result of his action is measurably satisfactory. I shall deal with the agreement in more detail a little later on, but on the whole I think he has every reason to believe that he has made a satisfactory arrangement, not wholly satisfactory, but a fairly satisfactory arrangement that does not need any justification.

I would like to pause here to commend the utterance of the Prime Minister when he paid tribute to the permanent officers and officials of the government. In his capacity as Prime Minister I suppose it would not have been proper for him to make mention of any particular names, but I do not feel bound, shall I say, by that same degree of reticence. I should like to pay tribute to Doctor Skelton, head of the external affairs department, and his staff, because I know something of the work they have done in this matter. I should like also to pay tribute to Mr. Wilgress and his staff for the splendid detailed work they have done in this and in many other matters. I should also like to pay tribute to Mr. McKinnon, one of the ablest officials that we have in the government of Canada in tariff matters. I say from experience and from intimate contact with these and other officials that no minister could possibly discharge his duties in a matter of this kind without having at his elbow these splendid officials, and Canada can well be proud of its permanent civil service. I do not think it is out of the way once in a while to pay public tribute to these men on an occasion of this kind.

I should also like to refer to the work, because I know something of the task that he had, that was done by Mr. Herridge as the representative of this country in Washington. In this connection and in other matters I think his services to Canada are worthy of note and commendation, and I would say to the Prime Minister that neither he nor any other head of the government will lose in dignity or prestige by acknowledging that others within the ambit of government may have some part to play in the success of negotiations of this kind and in the discharge of these very difficult duties.

The Liberal program has frequently cited external trade as a likely cure for many internal ills. The Prime Minister put it in rather eloquent language the other day when he said, "Depression means absence of trade." Then he reversed it and said, "Trade means the end of depression." I should like just here to sound a note of warning and to say that while I take second place to no one in desiring to promote Canada's external trade, we would be misleading the country were we to leave the impression on the minds of those who are to-day unemployed, our agriculturists and our unemployed workers, that their troubles are ended with the expansion

of trade. That would be a mistake. By all means let us expand our trade and do everything possible in that direction. It may be a contribution towards the ending of commercial stagnation, but it is not a cure for the problems of agriculture and of labour. It may ameliorate present conditions, but it will not cure them or solve our problems, and I think it would be unwise for us to assume that it would.

Coming to the agreement itself, I would say that the making of a treaty is a difficult matter at any time. You cannot always get things and never give something in return; that is clear. It is absurd to suggest that we can reach out and get all we want and give nothing in return. All we have to do is to read the public press and note the grievous complaints made south of the line regarding this trade agreement as evidence that they feel that some of their interests have been sacrificed, while on this side other interests feel that they have been sacrificed. It is not clever to criticize this treaty simply because individual interests may be affected. I am not disregarding them, and I hope time will permit me to touch on a few before I am through, but you could never make any trade agreement if you had to safeguard the interests of every individual in the country. It simply could not be done. There are bound to be some cases where there appears to be an injury, but what I would suggest is that we wait for a time and see whether these imagined injuries are real.

In the first place I want to say that this treaty is good because the motive and intention behind it are good, and I think it should be supported because the motive and intention are good. There is a spirit of good will in the treaty which ought to be and I am sure is welcomed by both countries.

The next point is the most favoured nation provision, about which there is a great deal of misunderstanding. For many years I was one of those who had a doubt, and I still have it, as to the wisdom of originally adopting the most favoured nation system of trade agreements. We have had this provision in effect in this country for twenty years or more, but it has been accentuated during the last sixteen years. During the last fifteen years the government of the right hon. gentleman opposite and the government of hon. members on this side have made in the neighbourhood of twenty to thirty treaties containing such a provision. I believe there are twenty-seven such treaties now outstanding. Let us examine this provision for a moment. It is comparatively simple, but it is significant. I should like to read one or two extracts from treaties to indicate the wording of this provision. The treaty with Czechoslovakia contains this clause:

> Articles the produce or manufacture of Canada imported into Czechoslovakia and articles the produce or manufacture of Czechoslovakia imported into Canada shall not be subjected to other or higher duties or charges than those paid on the like articles the produce or manufacture of any other foreign country.

The treaty with Finland contains a clause which is somewhat different, and which reads:

> Goods produced or manufactured in Finland shall receive in Canada treatment as favourable as that accorded to goods produced or manufactured in any other foreign country so long as goods produced or manufactured in Canada enjoy in Finland the same treatment as is enjoyed by similar goods produced or manufactured in the United Kingdom.

There are some twenty-seven similar treaties, the present one making twenty-eight. What does this provision mean? Suppose we made an agreement to-morrow with Honduras—I suggest to the Minister of Trade and Commerce (Mr. Euler) that if we had a treaty with Honduras we could do business with that country which we cannot do at the present time—containing certain concessions. Those concessions would apply to the goods from all the twenty-eight countries with which we have similar treaties. On the other hand, we would enjoy any favour shown by Honduras to any other country.

There is one feature of this matter which has not been noted or recognized. Up until a matter of two or three years ago the historic policy of the United States was one tariff for all. That country has now adopted the system, which we are following in part, of making special agreements with other countries. Where the United States makes an agreement with a country with which we have an agreement, we will enjoy the same privileges as those given to the United States. I believe there are some seven or eight countries with which the United States has made agreements and with which we have also agreements. The two countries will be placed on the same basis and inasmuch as we export many things which are also exported by the United States, we will have an added advantage in those countries.

The next point to which I should like to refer is the maintenance of the free list. Since the change in policy of the United States we have been threatened with the cancellation of favoured treatment in that market unless we made this agreement. That would have been very serious to us. Let me mention a few items on the free list. Last night the hon. member for Lake Centre (Mr. Johnston)

brought up the matter of agricultural implements. One of the arguments advanced for a tariff against goods coming into Canada from the United States is the fact that the population of the United States is 120,000,000 while that of Canada is only 10,000,000. That is a perfectly valid argument, but in the case of agricultural implements we have had free access to that market of 120,000,000 people for many years. The bases for the agricultural implement industry in Canada offer first hand opportunities for large production, yet shortly after the signing of this agreement these manufacturers raised their prices. The resolution introduced by the hon. member proposes that an inquiry should be held. Whether or not an inquiry is held, I say to the Prime Minister that he should bring representatives of the International Harvester Company and the Massey-Harris Company, the two largest manufacturers, to Ottawa, and ask them to show reason why prices have been raised. I do not want to impinge upon the other debate, but this is germane to this subject. For the last five or six years the farmers of this country have experienced a diminution in the prices of their products and in their purchasing power. Then just as prices were recovering, just as they were given an opportunity to buy, these implement companies raised their prices, There may be justification for this raise but it is not discernible to the average man. I think they should be called to Ottawa to show cause for these increased prices.

The next item to which I should like to refer is wood pulp. Do hon. members realize what the maintenance of this item upon the free list means? I have before me figures showing the imports into the United States of various kinds of pulp products, such as newsprint and that sort of thing. The total imports in 1935 were $146,000,000 in round figures. The imports from Canada in that year were valued at $89,000,000; from Newfoundland, $3,700,000; from Norway, $4,600,000; from Sweden, $28,000,000; from Finland, $8,000,000; from Germany, $5,000,000; from Czechoslovakia $1,000,000, and from France $4,800,000. It will be noted from these figures that by no means do we control that market for these products. At the present time we have an advantage because of propinquity to the market, facilities of manufacture, transportation and so on, but there are present all the elements of successful competition from these various countries unless we can maintain our position on the free list. Let us not forget that this is one of the big items of export from this country and it should be safeguarded by every possible means.

[Mr. Stevens.]

For several years there has been a distinct agitation in the United States for a duty against wood pulp and newsprint in order to encourage the production of these articles from southern pine. Successful experiments have been made in the production of these articles from this wood. Take another item. We have had free access to the American market for shingles, and I well remember that for a period of over a year when I was Minister of Trade and Commerce we were labouring under the greatest anxiety because of the efforts that were being made to stop the importation of shingles into the United States. That is something which is vital to the lumber and the shingle industry of British Columbia, and it is safeguarded and ensured and stabilized by this treaty.

Then, as regards squared timbers, ties, poles and posts, here again is a tremendous business of a very valuable character for the working men of this country, the settlers and people more or less of the poorer class who cut these poles and make these ties; we have free access to the American market for them; it is safeguarded and ensured in this treaty. It is not enough to say that it was free before, because I know from my own experience that in many of these cases we were threatened with the shutting of these commodities out of the American market, or with an impost that would have affected them had we not made this treaty.

There is also the stabilization of our position with regard to cattle, sawn timber, and some, although not enough, of the fish products; there are some we should like to see added. But again I recall to the minds of hon. members what was said by Mr. Cordell Hull, that this was a step towards what it was ultimately hoped to achieve; and what we do not yet have we can hope later on to secure. But we did stabilize certain classes of fish, and particularly lobsters.

There is also an item regarding leather to which I should like just to make reference. I have cited only a few items. There are many others. These are items of major importance to Canadian trade and to the Canadian workman. It was highly desirable that we should ensure that these should be maintained either on the free list, or at a low rate of duty, such as is the case with the items to which I have referred.

No doubt difficulties will arise. It is inevitable and unavoidable in a treaty of this character, particularly after these long years of controversy, not without bitterness, that difficulties and complaints will arise. But I

would remind the house, and I say in all sincerity—that we are free to amend the intermediate tariff if we wish, although I would warn the government and the house that we should not exercise that right carelessly; this should be done with tact and courtesy and with consideration for the other party to the agreement. But where it is shown that an injustice is done, where it can be demonstrated that someone or some industry is injured, the proper course is to take the matter up through the usual diplomatic channels with the authorities of the United States, as the treaty in several articles provides, and make suggestions for adjustments along those lines. Undoubtedly suggestions will come from the other side. I have had something to do with several agreements, and I have never known of one where complaints have not arisen from both sides after it was passed, nor have I known of any agreement where adjustments have not been made after it had been signed and put into effect. We cannot give with one hand and withdraw with the other. We must recognize that there are two parties to a deal of this kind.

I should like to make very brief reference to a few matters which appear to me to give some cause for anxiety. There is the question of the hundred dollars free entry. Persons going to the United States may, on returning, bring in goods freely to the value of one hundred dollars. This has been the case in the United States for many years, and during that time Canada has built up quite a nice trade because of that privilege granted to American citizens who come to this country to buy goods and return to the United States with those goods free up to one hundred dollars worth. I should like to suggest to the minister who has charge, the Minister of National Revenue (Mr. Ilsley), that the privilege granted in this agreement should be limited distinctly to private purchases. There are certain specialty dealers, particularly in radios, electrical appliances, and some of the higher priced smaller articles, who might take advantage of this provision. By constantly running backwards and forwards from, say the Niagara peninsula to Buffalo, or Windsor to Detroit, or points on the St. Lawrence to various towns on the other side, it might be possible for dealers of that character to take advantage of this one hundred dollars rule to do an injustice to their competitors in Canada. I do not think there should be much difficulty; at any rate I do not think it is beyond the ability of the Department of National Revenue to devise regulations which will safeguard that provision from abuse. I wonder if those who complain about this realize the advantage that we have now and have had for many years in selling American tourists gifts to the extent of one hundred dollars per person. We must recognize that.

Then the florists are making some complaints, and there is danger there. It is quite true that some distance south it is quite easy to raise all sorts of flowers from bulbs and other stock and ship them into Canada under this treaty. The government ought to take into account that Canadian florists have paid substantial duties on their bulbs, rose-bushes, and other stock of that calibre and are entitled to some consideration in that respect. The case is somewhat complex. On the one hand you have those in Canada who produce bulbs and base stock asking for protection, and then you have dealers of cut flowers, the finished product, also asking for protection, claiming that they have to pay this duty. I suggest to the government that an effort should be made to see that no real injustice is done to those who are producing florist stock in Canada.

The other day when the estimates of the Minister of Agriculture (Mr. Gardiner) were before the house, reference was made by some of my hon. friends from British Columbia, to baby chicks. This sounds like a trivial matter, although to British Columbia it is of some importance. But I would remind my friends from that province—and I take second place to none of them in my desire to protect its interests—that British Columbia has received splendid concessions on lumber which have already been of tremendous benefit to them. They have the assurance of free entry for shingles, which is of great importance to them. I would remind them that there are some provinces to which we cannot now ship our baby chicks, and I think that before we complain about the danger of competition from the United States we should get the Minister of Agriculture to unravel the problem of shipping our baby chicks within Canada; when we accomplish that, perhaps we can turn our attention to the other matter.

Perhaps we have slipped up on the question of potatoes. As I understand it, there is a duty on Canadian potatoes going into the United States, while United States potatoes come in here free. We have clarified the matter of seed potatoes, but the other question affecting potatoes is rather serious. I do not doubt that it can be rectified if the matter is carefully examined and placed in its proper light. No objection could be found to raising the intermediate duty here

if, after such examination, this was deemed desirable. I suggest it is a matter that should receive study and consideration.

I was rather amused at the reference to the furniture industry, that there was a danger of our driving the furniture manufacturers of Canada out of business. The pathetic story of the furniture industry is pretty well set out in the price spreads report, from which I will quote, because in my opinion the question of tariff has nothing to do with the matter at all. I will read just two or three extracts from the report of the price spreads commission with regard to the furniture manufacturing industry:

> Coincident, however, with the growth of furniture factories was a concentration in retail distribution which led to the elimination of more and more independent outlets. In the city of Winnipeg during the past twelve or fifteen years approximately one furniture dealer per annum has ceased business and at the present time there remains only one dealer aside from the department stores.

The same story may be told of nearly every city in Canada. Then the report goes on:

> ... it became of paramount importance to every manufacturer to sell to the department stores. The concentration of purchasing power in the hands of the latter undoubtedly intensified competition and accentuated the severity of the necessary adjustment.

I will ask the house to note what is said in conclusion, in view of the suggestion that the furniture industry is to be injured by a lowering of the tariff from forty-five per cent to twenty-seven per cent:

> ... this industry presents an illustration of a completely disorganized body of producers.... The field of retail distribution of the industry's product is, however, dominated by a few department stores, giving rise to a wide disparity in bargaining power between the producer and the distributor of furniture.

Mr. DEPUTY SPEAKER: I regret to interrupt the hon. member, but already he has spoken for more than forty minutes.

Some hon. MEMBERS: Finish.

Mr. STEVENS: With your consent, Mr. Speaker, I will finish:

> The result of such disparity, combined with over-extension of production facilities, has been to drive prices to a point well below the proper cost of production with a consequent impairment not only of the manufacturer's capital, but of the standard of living of the wage-earner.

I refer to that particularly because it indicates that the question of the tariff has nothing to do with the welfare of that industry. It is a domestic question and a matter of their own practice in control of their own business.

[Mr. Stevens.]

Just in conclusion, sir, may I say that in my opinion the proper course to follow is to give this agreement a chance. Let us see whether it will work. The government has promised great things from this treaty, and the country is looking for great results. I would say to the government that the measure of success attained will depend largely upon the manner in which this agreement is administered.

Hon. W. E. ROWE (Dufferin-Simcoe): Mr. Speaker, as this is my first opportunity to do so I should like to extend my congratulations to you and to the deputy speaker of the house upon your appointment to the high positions which you occupy.

As I listened to the Minister of Finance (Mr. Dunning) and to the hon. member for Kootenay East (Mr. Stevens), I could not help but think how great minds change. I well recall that when the Minister of Finance first came to parliament he entered this house as more or less of a free trader from western Canada. This afternoon, however, he reserved the right, when the intermediate tariff is dealt with in the budget, to revise it either upward or downward. 'Twixt the wheat fields of Saskatchewan and the lights of St. James street his policy has altered almost as rapidly as his location has changed. As I listened to the hon. member for Kootenay East, who also supported this proposed agreement, I could not help but recall the vigorous protectionist speeches made by the hon. gentleman in other days.

Mr. STEVENS: Hear, hear.

Mr. ROWE (Dufferin): Now the hon. gentleman is presenting an equally vigorous defence on behalf of the low tariff party. I am reminded of those words which have been set to music, "What a difference just a few years make." I am not surprised that one who has changed so often should perhaps prefer not to refer to the records of the two major political parties in this country.

May I say, Mr. Speaker, that I am glad to anticipate certain advantages which may accrue from the proposed agreement, but I am alarmed when I consider the serious dangers that threaten the economic life and national outlook of Canada. I have heard it said in the house that this achievement is the dream of Laurier Liberalism come true; I have heard it said that this agreement has been brought about through the good feeling that has been established between the two countries. No matter how much one might be tempted to do so, however, I do not think any hon. member on either side of the house should claim that his party is the only one

that desires a reasonable increase in trade with the United States. I have read many of the debates that have taken place in this chamber; I have listened to speakers on both sides for ten or eleven sessions and I am satisfied that ever since confederation every party in the house has had an underlying desire for a closer trade relationship with the United States. More than that, practically every party has made definite efforts to that end. Some have merely clamored for more trade on a free trade basis; others have advocated fair trade; others have supported reciprocity at any price, while still others have insisted that any agreement or reciprocity must be one that would reciprocate advantages to Canadians as well as to Americans.

I know that for a long time there has been a difference of thought as between high and low tariffs but, as someone has well said, any agreement is popular at its inception. Therefore I hesitate to forecast the ill effects that I believe may result from this agreement, because for a long time the idea of some such agreement has been very popular in the public mind. However, if there is any one thing more conspicuous than the spectacular manner in which this agreement was speedily ushered into this house, it is the evident lack of consideration that was given to it. Why, on the part of the right hon. Prime Minister (Mr. Mackenzie King) it was only a holiday affair; it took him only forty-eight hours to negotiate an agreement which for forty-eight years his party had failed to bring into effect.

I do not intend to go into all the details of this agreement. They have been well covered by my right hon. leader (Mr. Bennett) and well explained from the other point of view by the right hon. Prime Minister, but I feel in duty bound to point out to the house some of the general principles involved as well as the reason why I propose to vote against this agreement. I intend to express my lack of confidence in the fiscal policies of the Liberal party and to deal with a few of the details of the agreement which I believe threaten the economic independence and national outlook of this country.

It is true, as has been well said, that we live in close proximity to a country speaking our language, having the same customs, and with similar standards of living. Interchange of goods, views and even influence during the years has been much more convenient than would have been the case had our traditions been more foreign and our geographical location more distant. We find our trade has developed enormously; even without any agreements we have had an enormous volume of trade with the United States for many years. Canada has achieved the unique position of being the greatest foreign customer of that vast republic. The Prime Minister of Canada has for many years been a champion of friendly relations with the United States and has repeatedly expressed the underlying desire of Canadians for the closest possible relations with that country. Little need be said about our peaceful relations with the United States; for over one hundred years we have maintained a relationship based upon a desire for international peace, a relationship closer than exists probably between any other two countries.

But it has been said, and said truly, that there is no sentiment in business; that statement I believe has never been challenged. I think it is equally true that bad trade arrangements and unsound trade policies have never improved relations between any two nations. There are in trade elements that are important and vital, and one of the most important is regularity and stability. We have no particular assurance of any stability, regularity or continuity of demand in trade with the United States. As I look back over our history—and I am not afraid to look back; I look back sometimes to get more light that I may see further ahead—and when I think of the trade agreement we had with the United States from 1854 to 1866, the oldest trade agreement and the only one that ever stood with that country, which was cut off abruptly, I read of how our pioneer forefathers were forced to struggle for their livelihood when they found that trade which had been established north and south suddenly cut off. Everyone knows that the cutting off of that trade was a considerable factor in bringing about confederation, and led to the establishment of a transcontinental railway and to a national fiscal policy, a national plan for our development east and west, because our fathers saw the danger of building on the shifting sand of a market controlled by another country. With that in view we find that immediately after 1866 when that trade was cut off these other developments that, after all, are the fundamental features of our national structure were established. From that day on, from Quebec to British Columbia, we have steadily developed our trade east and west; the transcontinental railways, which those who still desired trade north and south forecast would not pay for the axle grease, were made to pay and served the great provinces of the west, and that development east and west has been such as to make it possible for the Prime Minister, as head of the sixth trading nation of the world, now to negotiate with a great foreign power.

Among the factors involved in this issue are trade, transportation and employment. I

shudder to think of the effect upon our great transportation systems that are to-day operating with difficulty, when under this agreement trade is encouraged to flow north and south rather than east and west, when the short haul of the United States roads to serve western Canada from the cites of the central states replaces the haul from our eastern cities, which I believe it must be said in all fairness have done fairly well by assistance to the western provinces. It might reasonably be expected that north and south trade would develop markets for us when we remember that there are some 125 million people to the south of us while we have only about 11 million here, but I am amazed to find that in the last forty years we have purchased from the United States every year $150,000,000 more in value of goods than we have sold to them. Let us pause to imagine what that means, a total of $6,000,000,000, double the national debt, equal to the total agricultural production of Canada every six years. That is what we have paid for our trade with the United States, and we still owe them $1,000,000 in carrying charges on our debt every day the sun sets. This great trade has been established, why? Because the United States, just as in this trade agreement, have seen to it all down through the years that they supply us with the finished products of the labouring men of the United States and receive from us more in volume of raw products but less in value until processed by American labour. Not even the minister who smiles can deny that the advantages secured in this agreement, which are very small, are for our raw products and only to a very limited degree even at that.

Mr. CRERAR: If my hon. friend will permit me, I was smiling at his speech, and wondering if he had been in favour of the agreement his leader tried to negotiate.

Mr. ROWE (Dufferin): I can only say that I have followed my leader longer than the hon. minister has ever followed any leader. I believe in trade east and west, trade that will develop Canada for the Canadian people. I have no apology to make for any of our slogans in the past, no apology for any of our policies in the past, no apology for the encouragement of trade that assists our own ports instead of American ports, no apology for policies that assist our own labour rather than American labour. I have reason for lacking confidence in the present government's fiscal policy, because even you, Mr. Speaker, before you dropped your political affiliations, realized full well, looking back over the pathway of Liberal fiscal policy that it was a path strewn with fear, failure and uncertainty. When I think of its winding, changing course in the fiscal affairs of this dominion, I say "fear" advisedly. The Prime Minister smiles. I do not mean to say that he is fearful under all circumstances. I have seen him quite brave in parliament; I have seen him quite brave in the country, and I congratulate him upon his success. But I find as I look back over the record that Hon. William Lyon Mackenzie, and his former leader, Sir Wilfrid Laurier, warned us against trade policies that would annoy or irritate the United States. Then prior to 1930, when American tariff increases were being discussed and the present Prime Minister was urged by those on this side of the house to raise our tariffs against the United States I remember him saying: No, we must not do anything for fear it might be considered provocative in the United States at this time.

When the Prime Minister spoke a few days ago he went into details, covering two pages of Hansard, in outlining his policy of fear, in which he stated that if we did not negotiate the agreement immediately, the United States threatened to retaliate; that they would raise their tariffs, placing them in the general column, an innovation in tariff practice which the right hon. gentleman explained. He said, further, that apart from the treaty he was fearful that the United States might retaliate by higher tariffs unless we reduced our tariffs in some way or made it possible by our intermediate tariff arrangements and regulations to allow trade to come in through American as well as Canadian ports. In the view of the right hon. gentleman to do otherwise might be costly to our newsprint industry, in that newsprint might no longer be exported to the United States unless we accepted this agreement.

To-day as I listened to the Minister of Finance it appeared to me that evidently he has been contaminated by that feature of the policy, and that he was also fearful of retaliation from the United States. When we consider the history of Canada all through the years we find that more or less that has been the policy of the Liberal party endeavouring to consummate United States agreements; that all through the years they have emphasized to a greater or lesser degree that we should not irritate or annoy that country. We received the warning about not being provocative to the United States at a time when we were buying a million dollars worth of goods more from them each day than we were selling to them. Canada changed

her favourable trade balance of over $400,000,000 in 1926 to an unfavourable trade balance of over $100,000,000 in 1930. During that period we did not increase our unfavourable trade balance by $150,000,000, as was mentioned previously, as an average, but were buying over $300,000,000—in fact, in 1929 I believe it was over $400,000,000—more from the United States than we sold them. The Prime Minister knows as well as does any other hon. member that during those years almost half a million of our boys and girls went to the United States to find employment.

These are serious national matters, of great concern to the dominion. I know it would not be expected by hon. members to your right, and overflowing to your left, Mr. Speaker, that I would have much confidence in the fiscal policy of the Liberal party. But I say in all kindness to each individual of that large, unwieldy and possibly temporary force that the policy of their party so far as trade relations are concerned has changed many times. I have read where leaders as great as Hon. George Brown left the Conservative party, after the government of that day tried so hard to renew the treaty that had been cut off in 1866. He left it and joined the Liberal party because the late Sir John A. Macdonald offered too much on behalf of the Canadian government. Later, that same Liberal party, which at one time thought not enough was being offered and another time thought we offered too much, changed to unrestricted reciprocity. Then later, by name alone it followed a policy of commercial union with the United States. On down through the years we find those different suggestions dying; one by one; some died in parliament; some died in congress; some died before they got to congress and others died in the country. In 1911 reciprocity died before the vote of the people, and I venture to say that if this trade agreement were presented to the Canadian people in the light in which it has been presented to this chamber it would not carry a majority of the votes of this country to-day.

One could name many more instances, but I would hesitate to do so. We know however that such a great leader of the Liberal party as Sir Richard Cartwright took a definite stand in the matter. One can trace a changing Liberal doctrine all down through the years. The late Sir Richard Cartwright said that we must have unrestricted reciprocity with the United States, no matter what the cost may be. He said, "We will have it, no matter what the cost is." Twitted in parliament and asked if he did not think this would affect our trade with the United Kingdom he said, "Yes, and the only way to get it is by raising your tariff all along the line against every country on the face of the world, even the United Kingdom as well."

Well, to-day we find the doctrine of the Liberal party has been emphasized, and was emphasized particularly during the election. To-day that party is one which stands for the lowering of tariffs all along the line, a policy which is proposed by the right hon. the prime minister to be the only proper basis for trade negotiation. I pause to urge hon. members to watch carefully the budget which will be brought down by the Minister of Finance, in view of the fact that to-day he told the house that he reserved the right to raise or lower duties. As a one time free trader he now stands as a protection valve, to repair tariffs lowered by his leader. He now stands ready to apply emergency measures he may consider necessary to restore an equalizing effect upon Canada in view of the situation brought about by the freer trade inclinations of the Prime Minister. I know many other changes, and especially the ones respecting the imperial trade relationships, could be mentioned.

While the late Sir Richard Cartwright would even tax Great Britain in order to have trade with the United States, Sir Wilfrid Laurier said, "There shall be no more pilgrimages to Washington," and he turned his attention to the motherland. What did he do? He gave a preference to the motherland, and did not ask anything from them. Yet to-day the Prime Minister—

An hon. MEMBER: And Sir Wilfrid Laurier was opposed by the Tory party when he did it.

Mr. ROWE (Dufferin): Certainly he was opposed by the Tories; the new member is right. He was opposed by the Tories and by Right Hon. Sir Charles Tupper. Sir Charles Tupper stated that he believed in reciprocal trade arrangements with the old land, as well, which would give equal advantages to Canada and England.

An hon. MEMBER: Knowing he could not get it.

Mr. ROWE (Dufferin): My hon. friend should look back and remember what happened. The present leader of the government knows that between 1899 and 1905 one-third of the textile industry of Canada went out of business and thousands lost their jobs because the late Sir Wilfrid Laurier was too generous to England, and had he followed Sir

Charles Tupper's advice the textile industry of Canada would not have received the death blow she did receive at that time.

The present prime minister did not suggest that we should give the motherland preferences and receive nothing, but he refused to support the present leader of the opposition (Mr. Bennett) who brought the imperial trade agreements before this chamber. He refused to support a preference for England when Canada was securing more by way of preference than the late Sir Wilfrid Laurier ever expected to receive or any Canadian had even hoped for. When I speak about the imperial trade agreements I notice the Prime Minister laughs, but my reply is that he who laughs last laughs best. If he and I are spared for two or three years—and I hope we shall be—we may have an opportunity to compare the advantages derived from the imperial trade agreements with the disadvantages Canada will suffer from the Canada-United States agreement now before us. Keep my words in mind, because I say to every hon. member within sound of my voice that if he has given any thought to the imperial trade agreements he must agree with me that had it not been for them agriculture, the great basic industry of Canada, would be bankrupt to-day. I urge hon. members to consider that point carefully.

The hon. member for Danforth (Mr. Harris) placed on Hansard details which I shall not repeat. I shall be content with saying that the advantages we secured in the motherland had the effect of stabilizing our markets. I shall mention only one example of stabilization, although in fact many could be cited. There is not an hon. member experienced in agriculture who would not agree with the statement that since the imperial trade agreements became effective we have had a more stabilized price for bacon than at any other time since confederation. Any farmer knows what that means. Even the Minister of Finance himself, who has been removed from the pursuit of agriculture for some time, will agree that there is nothing more important for the Canadian mixed farmer than a stabilized price for his products. But the imperial trade agreements did not do only that. They provided us with advantages in the greatest market in the world, and the one in which we can hope for the greatest stability.

What have we received in this agreement? As I listened to the hon. member for Kootenay East (Mr. Stevens) I wondered why he should have a change of heart now and accept this agreement as something that was going to bring great benefits to Canada. Lumber has been mentioned. It is true that under this agreement we can send our lumber to the United States at a lower rate of duty, not free but at a reduced rate, and then only in limited quotas, but in return we tell the manufacturers of the United States that they can ship their furniture into Canada, not in limited quantities, but as much as they like, free of duty.

Mr. ROSS (Moose Jaw): No.

Mr. ROWE (Dufferin): At a reduction from forty-five to 27½ per cent.

Mr. ROSS (Moose Jaw): That is not free.

Mr. ROWE (Dufferin): I would urge upon the Minister of Finance when he brings down his budget, even though his tariff inclinations have been downward before, to raise the tariff to save the furniture manufacturers of this dominion, for as he himself expressed it he still retains his freedom to move the intermediate tariff up or down.

Again we are told that under this agreement we can ship our cattle to the United States at a reduced rate, from three to two cents. It is true that we can send our cattle over there in limited numbers, but we can ship only half as many cattle over there and pay a duty of two cents a pound, as we shipped in 1921 free of duty. Then, under this agreement we say to the United States: We will take from you your processed hogs, your bacon, shoulders and hams processed by American labour, and we will give you a reduction of 3¼ cents a pound and let you ship in as many as you like. While we are shipping out of our front door our finest bacon to the United Kingdom market, we give the United States an advantage of 3¼ cents a pound to ship in American bacon through our back door. It is true that we get a cent reduction in the tariff when we ship our lambs and sheep, live weight, to the United States in certain years, but we give them two cents a pound reduction when they process the carcasses and ship the meat back to this country. They will not accept our meat carcasses. They will take the hides off our cattle and finish them into leather goods, but if we take the hides off our cattle in Canada we have to pay a duty of 12½ per cent when we ship the hides into the United States. We reduce the duty when they ship them back to Canada in the form of leather goods, and on our leather goods going into the United States we have to pay a duty of fifty per cent as before the agreement.

I see that my time is nearly up, Mr. Speaker, but before I sit down I should like to ask hon. members who represent rural ridings to

remind their constituents that under this agreement they are not securing a free market for the export of their surplus products. You can ship your eggs to the United States if you still pay a duty of ten cents a dozen while we let American eggs come in here with a duty of a nickel a dozen. You can send your oats over there and pay sixteen cents, but the United States farmer, when he has a bumper crop, can ship his surplus oats over here at a duty of nine cents. You can ship your wheat to the United States and pay a duty of forty-two cents, while United States wheat coming in here pays a duty of only twelve cents. You can ship your flour to the United States and pay a duty of $1.04 a barrel, while on United States flour entering Canada you pay fifty cents a barrel. You can ship your hay to the United States provided you pay a duty of $5 a ton, but when we let their hay enter Canada it pays a duty of only $1.75 a ton. You can ship your potatoes to the United States and pay a duty of seventy-five cents a bag, but when they have a bumper crop they can ship their potatoes into this country free of duty. I want the farmer members of this house to realize that while their farmer constituents are selling their barley to-day for less than cost of production they still have to pay a duty of twenty cents a bushel to get it into the United States.

Now I come to the fruit and vegetable industry, that great branch of agriculture which gives the most employment for the amount of money invested, and therefore is to some extent a poor man's vocation. I would urge upon the Prime Minister to have another change of heart, to forget his pre-election pledges with respect to dumping duties and seasonal tariffs—he has forgotten many pledges before that were not half as important. Our fruit and vegetable growers are facing absolute ruin and I urge upon the government to use the means they have in their power, as mentioned by the Minister of Finance, of moving the tariff up or down, to move it up when the budget is brought down, so that our fruit and vegetable producers may be saved from ruin. We are told that under this agreement we can send our fruit and vegetables within certain limited seasons into the United States free of duty, but on the other hand we give the American manufacturer free entry for his canned goods at every season of the year. These matters are vital to employment in this dominion, and if the tariff is not raised to save the fruit and vegetable growers I shudder to think what may happen. I know it may be said that there are covered by this agreement from 800 to nearly 1,000 items on which we have reduced the duty. I do not propose to mention them in detail or to say anything more than that I fear we are sacrificing the industrial life of this dominion for temporary advantages that may not last for any length of time and that will be of no great advantage to agriculture.

I still recall my own position in this regard on many other occasions. I believe the greatest security for the farmer of Canada is to be found in protecting that market which takes over eighty per cent of his production, namely, the home market in this dominion. That is the only market we control. We live on the coldest part of this continent. I say again, that the greatest and most stable market that we can find anywhere in the world for our foodstuffs is right here in Canada, and we cannot afford to threaten the industrial life of this dominion which affords us such a market for our farm products.

I have mentioned something of uncertainties, and surely no one will deny that this proposed treaty is bristling with them. There are uncertainties about it even before it leaves this house. We do not even know whether it is going to stay as it is. We do not know whether the Minister of Finance is going to raise or lower the intermediate tariff. We do not know whether this agreement is going to be used as a political football in the United States. We do not know whether it is going to be declared valid or invalid by the courts of the United States. We do not know whether congress will approve the agreement if it is put before it. We do not know whether the present president of the United States who has accepted it will be one more year in office, and this agreement is negotiated for three years. I say that this agreement bristles with uncertainties viewed from any angle one can think of; its disadvantages are outdone only by its uncertainties, and when we think of how treaties have died before, as I have already mentioned, I can only urge in conclusion that the government should consider at least a slight change of fiscal policy in order to remedy some of the hardships that will otherwise have to be endured in this dominion.

I am glad, Mr. Speaker, that the Minister of Finance took the attitude he did to-day and said that he can move the intermediate tariff up or down, but he would not tell the leader of the opposition (Mr. Bennett) and those who sit on this side of the house whether he was going to move it up or down. Perhaps he wants to leave the Prime Minister in a position in which he can give a nod

to the free traders of the west and a wink to the protectionists of the east, and leave his course ahead as uncertain as it has been behind him. He may derive temporary benefit from that, but I would urge upon the Prime Minister to forget some of his pre-election speeches with reference to dumping duties and seasonal tariffs, and that he may reconsider the abolition of section 43. I hope he may not say to Japan that "of a class or kind produced in Canada" means a ten per cent production in this country. It may be that he will change many of these items and avoid these dangers to which I have referred. If he does not I only wish to point out to him that if in the next year or two he fulfils the pledges and promises he made prior to the last election, then he will have prohibited many new industries being born in Canada and will have injured the old ones already established. I think that should be said in fairness to the right hon. gentleman, in fairness to his government and in fairness to this country.

If we establish trade north and south we shall be faced with the advantages that are given to American labour and the advantages that accrue to the American manufacturer because of his mass production and short rail hauls. We are telling the American magazine publishers that they can ship to this country hundreds of thousands of their magazines containing a culture not our own, teaching a patriotism that we know nothing about and telling us of a national outlook that is not our own. We are embarrassing the renewal in 1937 of the imperial trade agreements. It would be better if we were establishing our trade in an east and west direction; we should endeavour to maintain the more stable imperial trade.

I ask the Prime Minister to reconsider some of the intermediate traiff concessions he is giving to the United States. These concessions cover a number of articles from the southern states similar to those now being brought in from British countries under the imperial trade agreements. I am sure that when he attempts to renew the imperial trade agreements he will find it most difficult to do so because of this change in the direction of our trade to north and south. If this course is continued the stability of our trade, the interests of agriculture, and interests of the Canadian people as a whole are seriously endangered. The right hon. the Prime Minister said the other day it would have been much better if the imperial trade agreements had never been made, so far as securing the United States agreements was concerned.

I wish the government Godspeed in turning from the errors of their ways. I urge the right hon. gentleman still to look east and west as did his late leader, the Right Hon. Sir Wilfrid Laurier when he too turned to the motherland. He should beware of the north and south route which has been so uncertain in the past.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

CRIMINAL CODE

Mr. T. L. CHURCH (Broadview) moved the second reading of Bill No. 5, to amend the criminal code (fines and penalties).

He said: Mr. Speaker, the object of this particular bill, copies of which are on member's files, is to provide that fines imposed under the criminal code may be paid on time or by instalment, the conditions to be laid down by the magistrates or judges after inquiring into the ability of the accused to pay. Owing to five years of depression many people on relief and out of work, or on part time, many of them first offenders with families and some of them returned soldiers, cannot pay their fines, and have to go to gaol,—which is another way of imposing imprisonment for debt. The bill follows the provision of the law of England, 1935, 25-26 George V, chapter 46, known as Money Payments (Justices Procedure Act), 1935.

The first section of the bill is partly new matter; the other sections are entirely new. The first section in the bill amends section 1029 of the criminal code, "fine or penalty in discretion of court":

> Wherever a fine may be awarded or a penalty imposed for any offence, the amount of such fine or penalty shall, within such limits, if any, as are prescribed in that behalf, be in the discretion of the court or person passing sentence or convicting, as the case may be.

Sections 1036, 1037 and 1038 of the code deal with fines and forfeitures.

The first section of the bill is entirely new, and all the other sections follow the law of England. This matter came up in Great Britain two years ago. It was dealt with by a committee of parliament and a departmental inquiry, and this particular act which is now the law of England came into force on January 1 and is working well in the old country.

During times of depression people get out of work and, if convicted, cannot pay their fines, with the result that they have to go to gaol. Many of them have families.

The British Money Payments Act was introduced in the House of Lords on July 11. It went over to the House of Commons on August 2, and received the royal assent. It was supported by all parties in both houses of parliament, and the judges who took part in the debate in the House of Lords spoke strongly in favour of this measure. This whole question, Mr. Speaker, is wrapped up in the liberty of the subject, and after all is said and done, Britain is the only country in which there is real liberty to-day.

As I view the situation, the term "liberty" is becoming meaningless in Canada, with imprisonment of thousands for debt, with trial by newspaper supplanting trial by jury, with the difficulty of getting bail, with the almost kingly powers which parliament and the provinces have conferred upon magistrates. It is all right to read of a conception embodied in text-books on the law of evidence two or three hundred years old, but it needs to be brought up to date and rewritten, when you have a magistrate committing a man for trial, a grand jury finding a prima facie case is made out on the facts, and along coming a judge who, not satisfied with telling the jury what the law is—which is his proper function—takes the case from the jury, often supplanting trial by jury. We have cases about the fourth estate affecting reports of this parliament, reports of committees; freedom of the press is assailed openly in Canada to-day.

This bill deals with an important question of law reform. It is one of the greatest problems affecting this country at the present time. Law reforms here are away behind the times; we have to go to the motherland, the land of the free, and see what they are doing over there. We find they are getting back to the principles of magna charta, the principles of the Petition of Right, following right away down to the statute of Westminster. Throughout we find the principle of the liberty of the subject. In Canada the liberty of the subject does not extend very far. Certain people outside this house can snap their fingers at parliament; they can even say to a newspaper "We will cut off your advertising if you dare to publish the truth, or publish what goes on in the debates of this house or its committees."

I do not ask that the government shall immediately adopt this bill. I believe we should follow the procedure of the mother of parliaments, in which, prior to the act to which I referred last August being placed on the statute books, it was admitted that the case was proven and they appointed a departmental committee. Besides having as its chairman a distinguished lawyer, Sir John Fischer Williams, K.C., the committee also comprised a former chairman of the prison commission, a former metropolitan magistrate, a leading stipendiary magistrate and a justice's clerk. They went into this whole question and presented a report to both houses of parliament, with the result that this act was placed on the statute books of the motherland. I think we should do well to have the Minister of Justice (Mr. Lapointe) appoint a parliamentary committee or a departmental committee to deal with this whole problem of law reform.

After all is said and done, what is Liberalism? As we have it to-day it does not exist along these lines, when we see that "liberty" is just a meaningless term in this country. As I said, this bill is wrapped up with the liberty of the subject. Imprisonment for debt was abolished in England and Wales by act of parliament in 1869; yet in 1923, according to a report of the House of Lords, 23,000 people were imprisoned for failure to pay sums of money. In 1910 the number was 90,000, although imprisonment for debt had been abolished for forty years. Figures show that only twenty-seven per cent of the men and twenty-one per cent of the women imprisoned in England had been convicted of indictable crimes; the rest had made default in payments of money and had been convicted of breaches of various acts, regulations and by-laws with respect to which imprisonment with or without the option of a fine could be imposed.

When a man is sent to gaol in default of payment of a fine he is not the only person who suffers. His family suffers; his children suffer through the bread-winner being in gaol; his reputation suffers; he may lose his job, and then it is hard for him to get another. In England last year 11,000 people had to go to gaol because they were unable to pay fines. An attempt has been made to remove this state of affairs through the new statute to which I have referred.

The bill which I propose will need the support also of the provinces. It deals with offences under the criminal code just as far as the legislative competence of this parliament goes. In addition, the provinces should pass complementary legislation. The practice at present is as follows: A fine is first imposed. Under my bill there will be an amendment whereunder the fine will be fixed first, and if default occurs in payment an inquiry will be made by the judge or the magistrate as to the ability and capacity of the defendant to

pay, and his means in relation to the amount involved. A prison term will be ordered only if the court thinks it wise. That is modern, humane legislation.

As a result of a similar law, Mr. Speaker, half the prisons are closed in the old country, at a great saving to the state, for seventy-five per cent of persons in English prisons were imprisoned for debt and only about twenty-five per cent for indictable offences. Imprisonment is a most expensive luxury for the state. Also it is harsh and severe in its consequences to the individual; it has a bad effect upon a man's character and his self-respect. It causes suffering to his family and dependents, interruption of his work, and the possibility of failure to find work upon his release—penalties often out of all proportion to the wrong which the offender has committed or the fault of which he has been found guilty. Such a penalty should never be imposed without careful consideration and only resorted to if it is the only practical way of vindicating the law of the land or enforcing obligations which must be enforced. It should never be imposed in the mechanical or autocratic way that prevails at present.

The peak of imprisonment for debt in this country seems to coincide with times of great industrial depression. The figures indicate this clearly. It is most regrettable that unemployment should result in the imprisonment of men because they are unable to fulfil obligations contracted for when they were at work; that they should be forced to comply with a court order which is based upon their earnings when they were employed. I think it is also regrettable that there are so few methods of dealing with offenders; that such methods are limited to the ones used three hundred years ago, namely, fines and imprisonment.

In his work The New Despotism, Lord Hewart has referred to this matter. It seems to me that at last the British government has written finis to Little Dorrit, Dickens' novel criticizing the conditions he described a century ago, from personal knowledge of the debtors' prison in London. Little Dorrit herself ministered there, and of the conditions Sam Weller said, "It's unekal, and that's the fault on it." In 1869, stirred by Dickens' description of these conditions, the government of England brought down an act prohibiting imprisonment for debt. Nevertheless to-day nearly half the commitments to prison, though nominally on account of what is known as contempt of court, are actually for non-payment of money liabilities.

The action now being taken is intended to change this state of affairs. First the government appointed a departmental committee; then the matter went to the House of Lords and the House of Commons, and the bill passed both houses unanimously, and was supported by the press all over England. They circularized the magistrates and judges and obtained full information before the act was passed. I should like to read one or two press clippings in regard to this matter:

The Earl of Faversham announced this on behalf of the government in the house of Lords. The government's object, Lord Faversham said, was that there should be "no delay whatsoever in bringing to the notice of all courts of summary jurisdiction suggestions and considerations which may tend to reduce the number of imprisonments and may assist courts to confine the use of this extreme measure to cases where it is unavoidable if the authority of the courts is to be properly upheld."

This statement was the climax to a debate initiated by Lord Arnold, Labour party peer, who called attention to the report made last autumn by a government committee on this question. Lord Arnold said that in 1932 no less than 24,272 persons in the United Kingdom were sent to prison for non-payment of fines, maintenance orders, local taxes and other monetary demands.

In one case, he said, a youth was sent to prison as the indirect outcome of swinging in a public park in the wrong swing. The young man had been fined. He was careless, and because the fine was not paid, and perhaps could not be paid, he had to go to prison. In another, a man was similarly imprisoned for failure to pay a fine imposed upon him for sleeping in an automobile upon a public road.

Baron Merrivale, a lord justice of appeal, confirmed the fact that such a state of things existed. It had come to an end practically for well-to-do people a century ago, Lord Merrivale said, but it had not come to an end for "the poor people who are the subject of these various orders."

Baron Snell, late member of the Imperial Economic Committee, pointed out that Britain has much to learn on this question from the United States. "When I was in America a year or two ago," he said, "a judge of the supreme court was good enough to express to me in the most emphatic way his admiration and the admiration of American jurists generally for the common law of England."

In this parliament we should always be on our guard in order to do nothing that will take away from the liberty of the subject. When we look at Europe, where there is no longer any liberty in the legislatures, the press, the pulpits or the universities, more than ever we should stand on guard to see that the principles of magna charta are not violated. They are being violated in this country to-day; in fact I should like to know where the magna charta exists at the present time. The development of this liberty took many centuries; it was achieved at great cost both individually and to the state. One principle of the great charter was that no free man should be arrested or detained in

prison, or outlawed or banished or brought to ruin, save by the judgment of his peers and in accordance with the law of the land. On the other hand we have taxation without representation, and liberty is being restricted all along the line, with the vast powers now enjoyed by the magistrates, with the jury system supplanted by newspaper trials and all that sort of thing. Where is the Magna Charta when people are sent down for non-payment of small fines?

Our whole system of freedom, as we have it to-day throughout the British empire and the United States, is based upon the subjection of the executive and its ministers to the law of the land, and one of our cardinal principles is that the courts are subservient to the legislature. Look at the United States; where is liberty there? What has happened to the liberty of the subject over there? In this country, too, those ties which bind us to the motherland seem to be weakening. In the United States they suffer from politics and lawlessness, kidnappers, racketeering and all that sort of thing, and to a certain extent we suffer from the same conditions. The square deal of Theodore Roosevelt and the new freedom of Woodrow Wilson have been absolutely swept away. So much is this the case that a distinguished citizen of the United States, Colonel Lindbergh, had to leave the land of the free and the home of the brave for a really free country, the only one in the world to-day.

I would suggest to the minister that he follow the practice that has been followed in the old country, and institute a departmental inquiry into these questions. He is a very efficient minister, and he has always been receptive to suggestions coming from the opposition, though it is true that he sent the new deal, the new freedom, to the law courts. In this country, as I say, the courts are subservient, or should be, to the legislatures, and I believe the time is not far distant when we shall have to reassert the principle enunciated by Theodore Roosevelt at Chicago in 1912, when he said, "The American people, not the courts, should determine their own policies." The court of last resort is the people, and this high court of parliament could accomplish no greater work than to protect the liberty of the people. This should be even more so now that we have twentieth century Liberalism in Canada. I am afraid, however, that twentieth century Liberalism and economic Liberalism in this country are nothing but myths.

I hope the minister will give serious consideration to this bill, which is patterned after the English act now in force. I should be glad to send the minister a copy of the English bill, which is contained in a book entitled Imprisonment by Justices for Non-Payment of Money, written by Wallace Thoday, who is a member of the bar, and published at Mansion House, London, December, 1935. I suggest that in this connection the minister should consult the municipalities also, because after all is said and done the municipalities, rather than the provinces, should receive all the fines. All fines levied under the criminal code should belong exclusively to the municipalities. Parliament gives the provinces subsidies for the maintenance of provincial institutions, while the municipalities have to maintain the police forces, which in some cities cost two or two and a half million dollars. Australia gives a subvention to her capital city for the maintenance of the police force there. A few years ago parliament conferred upon the provinces the right to collect these fines, subject to an agreement to be made with the municipalities. Some fines go to the provinces, many to the municipalities, but all these fines should go to the municipality, to the authority which not only enforces the law but prosecutes.

In my opinion the time has come for reform. I should like to hear from the minister whether he is agreeable to acting along the line taken by the mother of parliaments, where they found a condition under twentieth century Liberalism that 24,000 people were in prison for non-payment of debt. In any event during the depression there should be a suspension of imprisonment for non-payment of fines, and time given to pay. Before a fine is imposed this bill provides that a magistrate should make inquiry as to the ability of the accused to pay. It is not only the man himself who suffers; if he loses his job the wife and family suffer. In Toronto forty-five years ago the late R. J. Fleming when chairman of the board of police commissioners passed a by-law allowing the police inspector discretion to release a man arrested for drunkenness, with the result that he could go to his work in the morning. By that humane provision he saved many a family from suffering. I hope the minister will be in a receptive mood and follow the example of the motherland. If he admires Liberalism as they have it in the old land let him follow them in that respect. The government of the day is responsible to the electors of the country for bringing about such necessary reforms. These reforms are in the public interest and protect the liberty of the subject, which is becoming an almost meaningless term in this country.

Hon. ERNEST LAPOINTE (Minister of Justice): The main section of this bill, which is section 1, would give discretion to a court or to a person imposing a fine or penalty to allow time for the payment of that fine, and even to order that the amount may be paid by instalments, at times, in amounts and under such conditions as the case may require. This is the most important section of the bill. Fundamentally I do not see any objection to the principle of this section. I understand that certain magistrates even now purport to do this although there is no statutory authority that allows it. But the difficulty would be to devise a law which, while giving this discretion in cases where it may be properly exercised, would have the necessary safeguards to prevent those who could pay from escaping part of their sentence.

In 1929 there was introduced in the other house by Senator Beaubien a bill of this kind containing exactly the same provision as appears in this section. I have before me the debates of that year in the other house, and there were objections raised to that provision. The bill was withdrawn. I call attention to the fact that in the explanatory note to the bill now before the house my hon. friend says that this legislation is advisable owing to the five years of depression which have caused many people to be on relief or out of work. The bill in the other house was introduced in 1929, at the peak of the boom. At any rate the principle of my hon. friend's bill is not entirely new. But as I say, there is nothing which seems specially objectionable in this provision so long as the section is drafted in such a way as to provide all necessary safeguards.

Section 2 of the bill provides for new sections 1029A and 1029B. I must confess I cannot see that those sections would be very valuable, and there are objections to them from certain viewpoints.

As to section 1029C, if the first section were accepted this should be accepted also. It provides that when a convicted person would have paid part of the penalty, if he could not pay the balance and had to serve a term in gaol, the term of imprisonment should be reduced because of the amount of fine he has paid.

As to section 3 of the bill, which would enact two new sections, 1057A and 1057B, I would not only be inclined but have to oppose this section. By section 1057A a court which has power to pass a sentence of imprisonment—

> —in lieu of passing a sentence of imprisonment, may order that the offender be detained within the precincts of the court, or at any police station, till such hour, not later than eight in the evening on the day on which he is convicted, as the court may direct.

And the court—

> —shall not make any such order of detention under this section as will deprive the offender of a reasonable opportunity of returning to his abode on the day on which such order of detention is made.

Well, I am a friend of liberty, as my hon. friend is, but this would be almost killing the offender with kindness. If I correctly understand this section the court would not even sentence the prisoner—or he is not a prisoner, because this is for the purpose of preventing him from going to gaol—but instead of passing sentence the court would merely order that he be detained within the precincts until not later than eight o'clock in the evening.

The hon. member said that the bill before us is based upon the English Money Payments Act of 1935. I suggest however that it goes much further than the English act. Under that act the court which has adjudged the sum to be paid by the accused, in lieu of issuing a warrant immediately may order that he be detained in the police station until he can obtain the money to pay the amount of his fine. In the proposal of the hon. member, however, there is no such provision. Instead of passing sentence on a man the court would simply order that he be detained "within the precincts of the court, or at any police station, till such hour, not later than eight in the evening on the day on which he is convicted." I do not think it would be worth while for any person to make a complaint and secure such a conviction.

Then, section 1057B is along the same lines. It would enact that:

> (2) Where a person is liable to be sentenced to imprisonment by a court of summary jurisdiction, the court may, if any suitable places are available for the purpose, order the person to be detained within the precincts of the court or at any police station for such period not exceeding four days as the court thinks fit, and the order shall be delivered with the offender to the person in charge of the place where the offender is to be detained.

That section would prescribe that no person shall be sentenced to imprisonment for a period of less than five days. When the sentence is less than five days, the judge would order that the person be detained within the precincts of the court or at a police station, instead of going to gaol. I must object to the two proposals contained in section 3 of the bill.

I suggest to the hon. member, however, that in Canada the administration of criminal justice is under the control of the provinces. The officers who have the experience in these matters are the attorneys general of the various provinces. They are the officers who are responsible, and I should like to submit

to the law officers of the different provinces the proposal contained in the hon. member's bill. Upon consultation with them it might be possible, as I stated before, that section 1 and part of section 2 might be accepted. Either such provisions might be included in the bill which will be introduced by the government to amend the criminal code or, if the hon. member would prefer, his bill might be allowed to stand until I receive the advice of the various legal authorities of the provinces as to the merits of the provisions in the bill. Under those circumstances we would be able to proceed and give to the hon. member the amount of satisfaction his proposal deserves.

Mr. CHURCH: Mr. Speaker, I gladly accept the suggestion offered by the minister. As I said before, I did not expect the bill would be passed until such time as it had been considered by the provincial attorneys general and by officials of municipalities as to how it may affect the payment of fines. I would be the last person to propose interfering in that regard, because I have always contended that fines belong to the municipalities. I would suggest that the bill stand over, and that the minister incorporate it in the general amendments to the criminal code which will be brought down later in the session. Meantime the minister could consult representatives of the provinces.

On motion of Mr. Lapointe (Quebec East) the debate was adjourned.

POST OFFICE ACT

Mr. OSCAR L. BOULANGER (Bellechasse) moved the second reading of Bill No. 8, to amend the Post Office Act.

Mr. SPEAKER: Before the bill is read a second time, I must draw the attention of the house to the fact that I do not think it is in order.

Mr. BOULANGER: I have been asked to let the bill stand. I have no objection.

Mr. SPEAKER: Stands.

Motion stands.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed consideration of the motion of Mr. Mackenzie King.

Mr. J. A. GLEN (Marquette): Mr. Speaker, I do not know where the hon. member for Danforth (Mr. Harris) will place me, after I have finished speaking, whether he will put me on the gangway which he has created, or in some other place. I am sure, however, that he will know exactly where I stand, and what I think about the trade agreement now under discussion.

While I have no further observations concerning the hon. member for Danforth I have one or two respecting the hon. member for Dufferin-Simcoe (Mr. Rowe). In the first instance he took exception to the speech made by the hon. member for East Kootenay (Mr. Stevens). He recalled some protectionist speeches which in years gone by had been made by that hon. member. I could not help thinking that had the fortunes of war favoured the Conservative party and had they been sitting on the right side of Mr. Speaker the hon. member would have been one of the first to have echoed the speech made by the hon. member for East Kootenay, and would not have been deploring the fact that we have a treaty giving us trade relations with the United States.

He spoke, further, regarding the haste displayed by the Prime Minister (Mr. Mackenzie King) in consummating and completing the agreement. If the Prime Minister had delayed much longer and if the agreement had not been completed and we were not discussing it at this time I can assure hon. members that the hon. member for Dufferin-Simcoe would have raised his hand in holy horror because of the delay of the Prime Minister in completing an agreement so far advanced by his own party.

If in my observations I have to deal with statements already made I do so because this seems necessary from the western standpoint, and I do not use the term in a parochial sense but rather from the point of view of the dominion. The debate of this measure seems to me somewhat like preparatory service to the communion on the budget. Most of those who have spoken have been dealing with the matter from that standpoint, as a preliminary to the budget, because you will find, Mr. Speaker, that most of the remarks are addressed to the Minister of Finance (Mr. Dunning), and he is somewhat on the defensive and is endeavouring as best he can to conceal his thoughts as to what might be contained in the budget.

There is one feature of this debate, however, that I am rather glad to see, and that is that we have an opportunity of discussing the principles of protection and free trade so early in the session rather than on the eve of an election, and in this debate, before we are through we shall find just what are the bases of the principles upon which each of the

parties made their appeal to the country. I do not know whether ever in the history of Canada before there has been a situation such as we have here where the leader of the opposition (Mr. Bennett) has made to a neighbouring government proposals along the lines of a treaty. The only parallel that I know of is one which took place, I think in 1867, when Mr. Gladstone through his government was introducing an extension of the Franchise Act, which Mr. Disraeli was then opposing. In the subsequent election, and chiefly on the ground of his opposition to the Franchise Act, Mr. Disraeli was returned to power, and then when he came into office, with a cynical indifference to consistency he passed that very bill of Mr. Gladstone's and, in fact, extended its provisions. In the present case the situation is somewhat different. The present leader of the opposition had as Prime Minister made certain proposals to the United States government and these proposals had been under consideration for some considerable time by the permanent officers of the two governments and by the then Prime Minister himself. For some reason or another the response that was made by the United States was not such as the then Prime Minister wished. Then when the late government was turned out on October 14, a new Prime Minister took office, and with the sanction and the entire concurrence of the people of Canada he immediately approached the United States government with a view to a trade treaty. In that treaty he was able to embody a great many of the proposals set forth by the present leader of the opposition, and the present Prime Minister was able to complete the treaty within a remarkably short time.

May I say that in my judgment it might have been well if the leader of the opposition had taken the position that Mr. Gladstone took when Mr. Disraeli's government brought in the franchise bill. Mr. Gladstone supported it, and I do think the leader of the opposition might have been well advised to approve this treaty as he certainly had a great deal to do with its framework. However, he did not do so, and so we are met with his opposition to the bill, which opposition has been replied to in extenso, I think, by the Minister of Finance (Mr. Dunning) to-day. The Minister of Finance to-day gave to the house these uncontroverted and incontestable facts, that the provisions of the treaty were initiated in the proposals of the leader of the opposition, and that, despite what was said by the leader of the opposition in his speech the other day, these proposals have been completed by this government.

[Mr. Glen.]

I remember hearing the leader of the opposition make a radio address last September. It was the only address I heard him make during the course of the campaign, and it was given, I think, on a Friday or Saturday night. This is what he said—I have a copy of his remarks here:

> You say: "But you have not mentioned the trading situation with the United States." I have not, but I now will. It has been said by my opponents, and particularly by my opponents in the west, that the Bennett government did not desire to trade with the United States, that the Bennett government had no realization of the need of securing for our primary producers greater markets in that great country, and that therefore we were making no effort to obtain them.
>
> It was said that we had a brief for the industrialists and didn't care a hang about our agriculturalists. And that consequently we were just going through the motions of trading with our good friends to the south.
>
> Well, that does not happen to be the case. Ever since this government has been in office, it has done everything possible to increase our trade with the United States. We have consistently expressed our willingness to give concessions for concessions granted. Before June, 1934, by the then only practicable means available, we did all that was possible to secure greater entry for our natural products in that great market. When, in June, 1934, Congress gave to the president of the United States powers to conclude trade agreements, this government was eager to take advantage of what it regarded as this new and better opportunity to increase its exports. It acted accordingly. Note this fact carefully. What specifically this government did, and the nature of its proposals, will be made known to you through the publication of a certain document. This publication will be made on Monday next.
>
> This document will be my answer to the unfair-minded people who, knowing better, still maintain that this government has never seriously attempted to do business with the United States. Set up the statements of my political foes against the written statement which you will read; and learn in time how little dependability can be put upon the words of the leaders of Liberalism.
>
> So much for that, to-night. But carefully examine this document.

Well, it happened that I was addressing a meeting that night, and I ventured into the realm of prophecy, as a rule a very unsafe place to tread. I then stated on that platform, as I stated on every platform during that campaign, that there would be no trade treaty with the United States through the instrumentality of the then Prime Minister. I said that he would make the approaches, but he could not and he would not give the concessions that would be demanded by the president of the United States.

Mr. BENNETT: Hear, hear.

Mr. GLEN: I further stated on every platform that there was only one party and only one man in the dominion who could

complete a trade agreement with the president of the United States, and that party was the Liberal party, and that man was the present Prime Minister (Mr. Mackenzie King). I stated my reasons also. I said that I knew something of the mentality of the right hon. leader of the opposition. I knew the environment in which he had lived during most of the years of his manhood; I knew from his speeches in the house and on the hustings that there was no possibility of any agreement being consummated by him just because of his mentality. He had indicated that in the house and in committee.

Some hon. members who were in this chamber at the time will remember that when the grain board was being constituted and the leader of the opposition's own friend, Mr. James Richardson, was giving evidence, Mr. Richardson stated that he could sell fifty million bushels of grain at seventy cents a bushel, whereupon the chairman of the committee, the right hon. leader of the opposition, said, "What then?" The reply was that we must purchase the goods of those countries in which we sell our wheat. The leader of the opposition replied: "The same old story," that the goods of the industries of the United States would flood the markets of Canada. At that particular moment, when they were dealing with the affairs of the farmers of Canada, the then Prime Minister made it absolutely clear to the country that what he was concerned with was the rights, as he thought, and the privileges of the industrialists. I think the statement that he made in his radio address that they were concerned only with the industrialists was entirely true because he has consistently taken the position that he has saved Canada during the last five years; in the saving of Canada he has pointed to the protection that he has given to the industrialists of the east, and in that way he believes he has saved Canada.

I am going to suggest that the leader of the opposition is not a very good logician. I remember when I was studying logic it was always clearly brought to my attention that you could never draw a universal conclusion with a minor premise in the syllogism. He has taken the position and he has drawn a universal conclusion with a minor premise because he has said that protection is necessary to save Canada: I have given protection to the industrialists, therefore I have saved Canada. I think that is fair comment and I submit that was entirely the policy and program of the leader of the opposition during the whole of those five years. I suggest to my right hon. friend that he again pursue the study of logic. He will find it useful in dealing with these matters.

The Prime Minister said that immediately on attaining office he would proceed to deal with the United States in connection with a trade treaty. He made no promises in his speeches, but the platform of the Liberal party did invoke wider markets for the people of this country. In fulfilment of the intimation that he would proceed to deal with the United States the Prime Minister met Mr. Armour, United States minister, the day after the present government was sworn in. During the election certain people were saying that there was no difference between the Liberal and the Conservative party. I think this is an illustration of the real difference between the two parties. We saw a former Prime Minister making promises which were not fulfilled, and we have the present Prime Minister fulfilling statements given during the campaign. The leader of the opposition went to Washington with the idea of arranging a treaty, but he did not and could not complete one. The Prime Minister went to Washington to arrange a trade treaty and he completed the arrangements. I know of no better illustration of the difference between Liberals and Conservatives in trade matters.

Sometimes you hear people say, "Just tweedledum and tweedledee," and when they utter these words they think that expresses everything, and they have proved their case. I hope the hon. member for Danforth (Mr. Harris) will read what I say. So far as this treaty is concerned, I am in hearty accord with its provisions. I realize that this is the first break that has been made in the crust of economic nationalism under which this and other countries of the world have been during the last five or six years. I realize that this is the first time an attempt has been made to show the world that a break can be made in this crust and I am proud that the Liberal party of Canada, through its Prime Minister, was able to make this break.

I listened to and read carefully the speeches of both the Prime Minister and the leader of the opposition and I found it extremely puzzling to discover the objections of the leader of the opposition to the terms of the treaty. I have endeavoured to put those objections under different headings and I believe I am fair in making this presentation. In the first instance, he took about fifteen columns of Hansard to give a résumé of the history of the Conservative party with regard to tariff matters. I am bound to say that the Prime Minister also took a large number

of columns to outline the history of the Liberal party on the same matter. I do not quarrel with this because I believe the historian of the future will be anxious to know contemporary thought and both these speeches will be of value in days to come.

The leader of the opposition could hardly object to the time factor in the agreement. Such an objection had gone by the boards as a fixed time had been inserted in other agreements. He did say that in 1911 he objected to the reciprocity treaty because there was no fixed time limit, because either party could cancel the agreement almost at their own sweet will. As far as this treaty was concerned, he was bound by his own actions because he had signed treaties containing a time limit. The president of the United States was empowered to sign an agreement only for a period of three years. The leader of the opposition could not say very much about this feature of the agreement.

His next objection was to that hoary old sinner that is always resurrected, the adverse trade balance. I thought that particular theory had been exploded long ago. I thought it was agreed that an adverse trade balance with one particular country did not matter. That is the enlightened opinion, but the leader of the opposition seems to be an ardent believer in the old theory. Surely there is no doubt as to the fallacy of that argument. The error occurs in the belief that the debits and credits of countries are settled in the same way as are debits and credits of individuals who may buy and sell goods in one particular country. That is not the way in which the trade of countries is carried on; debits and credits are settled largely by bills drawn upon the debtor nations.

The next objection was that Canada had given a larger number of reductions than had the United States. This objection was fully and completely dealt with by the Minister of Finance this afternoon and no word of mine can add anything to what he said. There was also the favoured nation treatment provision. There cannot be any great objection to this as we have a similar clause in most of the agreements that have been consummated by Canada. We know the effect of such a provision; we know that it opens the door to Canada in many ways. The leader of the opposition knew that his hand was bound by the former treaties which had been signed by the government of which he was the head. He could not say much about that particular feature, but nevertheless that is one of the objections he took to this treaty.

He dealt also with the question of direct shipment and the injury that might be sustained by the Canadian National Railways and the Canadian Pacific railway. Again this matter has been dealt with by the Minister of Finance and I need not deal with it further. In a forty minute speech it would be impossible to deal with all the objections taken, but there are one or two remarks of the leader of the opposition to which I wish to take objection. At the beginning of his speech he said that he did not suppose his hon. friends opposite would be prepared to concede to him the same degree of sincerity that they claimed for themselves. I think the right hon. gentleman is entirely in error in making a statement of that kind. I think he must admit that we of the west are sincere in the principles we advocate in this house. When the Prime Minister asked the leader of the opposition why he had not completed an agreement with the United States, he replied: Because I prefer my country to office and power. I think he will agree in his calmer moments that the inference to be drawn from such a statement is bound to be offensive to many of us in this section of the house. The inference is that we are here simply for office and power, and that we are prepared to do anything in order to attain that. I wish to think that was simply a remark made in the heat of debate, such as a man usually regrets later on, and as such I will regard it.

There are a number of hon. members here who by conviction and experience are free traders. When this treaty was brought before the house those of us of that type of mind were certainly in favour of it because we realized, as we have not been able to realize for some time, that the country has been given a hope of larger markets. This is one of the results of the policy of the Liberal party. We believe that is not the end of the tariff reform program of the Liberal party, and the country expects that it is not.

From the point of view of western Canada —and I say this without any desire to offend those of the east who are directly interested in industries, as distinct from farming—when we see, after the treaty has been invoked and promulgated, some of the implement industries of the east taking the position that despite the reduction of the duties they immediately increase the price of the articles they produce, we wonder just what they suppose that the country, after the election of October 14, will think of that attitude. Do those people think that the resources of statesmanship are exhaused in the mere winning of an election? Do they realize that their action has called forth condemnation throughout the whole of this dominion, and particularly in the west? When duties are reduced, an in-

crease in price does not seem logical, and I was glad to hear the hon. member for East Kootenay (Mr. Stevens) make in this connection the suggestion to the Prime Minister that some satisfaction should be given to the people as to why it was necessary to raise the price despite the fact that the duties had been decreased.

These parties in the east who think that industries alone have the right of control over their prices, and do not take into account the farmers of the west, who after labouring for forty or fifty years see their patrimony dissipated and disappearing daily, although the employment they give to the vast number of men engaged in agriculture is just as material to the interests of this country as is the business of the east, should realize that there must be a spirit of compromise in a country as diverse as ours and with such varied interests. Yet we find that just following the promulgation of the treaty, these prices are raised against the farmers. I say with all sincerity that I have never heard so many suggestions of division in the west as I did in the last election. The appeals that were being made and the utterances that were being given on the question of the division of this country were more pronounced than at any time I have known. When you get an instance such as we have in this case, that merely accentuates the situation. Vast numbers of people from all over the country are writing to the members complaining about the matter, and asking the reason. They demand that the Liberal government shall see to it that these manufacturers shall not impose their will upon us very long. I am therefore entirely in accord with what was said by the hon. member for East Kootenay that this is also a matter for investigation. If there is a proper answer, all right, let us have it; we want to know it, but certainly the people of Canada have a right to learn the explanation of these industries in raising their prices.

I should also like to point out, with every desire for unity between the different parts of the country, that both in the west and in the east there is the Cooperative Commonwealth Federation party who have not taken a position with regard to trade. They do not think the same way as I do in this respect. They are rather casual about trade. To them it is a matter of some importance but not of the importance that we give to it. I would point out that upon their attitude towards this agreement will depend to a large extent the success they will have in their appeal to the people. If they do not support, as I think they ought, an agreement which will tend to lighten the burdens of the farmers throughout the west, they will certainly be faced with the response of the people that progress and prosperity are the negation of their party's hopes. I submit to the Cooperative Commonwealth Federation that in this they are dealing with realities, realities which have been reduced to concrete form. This is something which, judged in the light of history, must necessarily respond to the benefit of the common people. It is a reality reduced to concrete form. Are these representatives of the west and the east going to deny to the government of the day that support which is necesary to show not only to the United States but even further than that, across the water to the old land, that Canada is ready to trade with her neighbours, ready if necessary to give concessions freer than have ever before been given, and that we are ready to act as neighbours?

In connection with that, Mr. Speaker, there has been considerable discussion with regard to another agreement. The Prime Minister took the earliest possible moment to complete this agreement with the United States. I suggest that he is now in a position to treat with the old country. In the Ottawa agreements what I would call a savage bargain was made by Canada as against the old land. I refer particularly to section 11 of the Ottawa agreements providing for the equation of prices in costs of production as between Canada and Great Britain. I assert that it will be impossible for the parties to reach agreement on that question of prices with a view to the enlargement of trade between the two countries. An impossible barrier has been erected, a barrier which must be removed. I do not think I am asking the Prime Minister to do something in a hurry, but I do say that the Ottawa agreements, which do not expire until 1937, could very well be approached now.

My correspondence with persons in the old country and my reading of newspapers of the day lead me to the conclusion that old country people are ready, willing and anxious to meet the Prime Minister of Canada to-day and enter into agreements which will be satisfactory to both parties and not to one party alone. In the guarded statements of their statesmen after the last election here, one can read between the lines the expression of the relief they felt and the hope and expectation they have that Canada will come to them now and make a bargain that will be worth while. I am anxious to see that completed because I believe that the bonds of trade are stronger even than the bonds of blood, and that our trade with the United States, if it grows as much as we expect, may lead to a division between ourselves and the old land, which division can be avoided

now by a trade agreement satisfactory to both countries. I therefore suggest to the Prime Minister that it is not necessary to wait until 1937 before an approach is made. I am quite certain that the response he will receive from the old country will be such as to gladden the hearts of himself and his government and all the people of Canada. I therefore make that suggestion in all seriousness to the government. I hope it will be acted upon, and soon.

Do hon. members realize this fact also, that Britain is making treaties with other countries, and the time may come when she may say that she is not anxious to make treaties with Canada because we have shown in these Ottawa agreements that we are more concerned for our trade than we are in the kinship which it was thought existed between both countries. The day may come, and very early, when Britain may say that she is not anxious to treat on these matters; that she cannot and perhaps will not consider a trade bargain, although the Prime Minister of Canada more than any other man is in a position to make compromises in the matter of trade with the old land.

I am glad indeed to be able to say that this treaty has evoked a warm response in the west. In fact it may have created hopes that cannot be fulfilled. The hon. member for East Kootenay said that this was not all that could be obtained; that the benefits we have secured would not rectify everything. Everyone realizes that fact, and in one of his radio addresses the Prime Minister pointed out what I think is a very evident truth, that before reform there must be recovery. I entirely agree with that statement; we must have recovery before we can have these reforms. We need not necessarily delay reforms, but our efforts will be futile unless we are able to say that we have recovered sufficiently to bring about reforms. I agree that we have within the dominion many problems which have to be solved, but the first one we have before us is this question of trade. I have gone through this agreement. I am not entirely satisfied with all its terms. I should like it to be much more comprehensive, but I am willing to accept it knowing that it marks the establishment of a principle which will do much to raise the hopes of the people in the Dominion of Canada. Therefore I will support it with my whole heart.

Hon. GROTE STIRLING (Yale): Mr. Speaker, I have paid close attention to the speeches delivered so far during this debate, in the hope that I might be able to get a clearer vision of all the implications contained in this agreement. An agreement between Canada and the United States is a matter of such immensity that it is by no means easy to gather all its implications. A bargain can be made easily between two people; an agreement can be made without difficulty between two countries, provided you are ready to give enough. This agreement touches so many branches of industry and is so spread over all the nine provinces, with all their divided industries, that it is by no means easy, study though you may, to ascertain fairly the implications it contains.

I listened particularly to the long speech of the Prime Minister (Mr. Mackenzie King) when introducing the resolution. I listened to the historical part of that speech. I was more interested in the latter years, when he dealt with them, than with the earlier ones, because during eleven of those latter years I was a member of this house. The right hon. gentleman chided the late administration for not having made more progress than it did. He expressed extreme regret that he was not in power during those years, because if he had been in power there would have been manifest progress, and that in spite of the fact that in the nine years during which he was in power, there was no progress; in spite of the fact that on two occasions during those nine years the United States raised its tariff to such an extent that Canada's trade was grievously affected, and in spite of the fact that the right hon. gentleman's view as to the proper action of the Canadian government at that time was that it should do nothing which could be looked upon as being of a provocative nature.

Probably it would be more correct to point out that these negotiations would not have attained the progress they did attain had it not been for the fact that the United States realized that in this country there was a virile government whose intention it was to govern Canada for the benefit of the Canadian people, and particularly for the benefit of the Canadian worker. There is very little doubt, I think, that had it not been for that virile government that was in power during those five years we should not have had the empire trade agreements we now have. I think it is evident also that the United States took note of the existence of that government and of the fact that its policy was to link up the trade relations of the empire as a preliminary step towards the negotiation of trade agreements with other nations of the world. It is noticeable that it was not until June, 1934, two years after the Ottawa agreements were consummated, that for the first time in history the United States congress empowered the

president to make trade agreements, with certain restrictions on his actions. After that had been accomplished the preparatory work went on at a much faster pace and by last summer a sufficient quantity of facts and figures had been collected to make it possible for the spokesmen of the two countries, after they had digested those facts and figures, to approach each other with the idea of coming down to definite terms of negotiation.

As the right hon. leader of the opposition (Mr. Bennett) has pointed out to the house, he discovered and reported to his government that what the United States required Canada to give was, in his opinion, too great a price to pay, so it was not possible for that government to consummate an agreement. Then, not unnaturally, the matter was dropped during the period of the election campaign. Later as a result of, shall I say, an accident of electoral arithmetic, my right hon. friend opposite found himself in a position of power. He then hastened to Washington and, using the same facts and figures, came to the conclusion that it was possible for Canada to pay that price. Hence we have this agreement which we are now debating.

It will be noticed that Canada gives the United States one of three things: the intermediate tariff, the most favoured nation treatment modification of the intermediate tariff or the special schedules attached to the treaty. These apply particularly to the commodities we have to sell to the United States and those the United States have to sell to us. In the short time at my disposal I propose to deal with the effect of this treaty on the fruit and vegetable industry, which is the principle industry in the constituency of Yale. It does not appear to me that the treaty has much effect on the other industries carried on in that district. I do not think the treaty has much effect on the dairy industry as carried on there or on the mining industry, which has to do with coal and copper, gold and silver. I do not think it has much effect on the lumbering industry as carried on in those hills and valleys, for that industry is not on an export basis; it depends for its prosperity on the prosperity of the other industries in that district, principally the fruit and vegetable industry.

In considering tariff matters as they relate to fruits and vegetables I always think that there are two facts which should be kept prominently in mind. One is that these commodities are perishable; they must be sold when they are ready to go to market. That market must be in a receptive condition. If the market is not ready for them they must be destroyed or stored, and storage is costly for it has to take care of cold and heat, and to preserve humidity by the most perfect ventilation. And it is only for a comparatively short time that these perishable products can be stored. The other fact that must be kept in mind in discussing trade with the United States is that we are dealing with a country in which the time of maturity of these perishable products is several weeks in advance of ours, and when a certain commodity produced in Canada is ready to roll towards our markets it arrives in such markets at a time when the same variety produced in the United States has almost finished its marketing period. And United States distributors have never shown any lack of desire to get rid of their surplus products by sending them into a market other than their own country to relieve their own market of pressure, and naturally it is not a matter of concern to them what the price is in the Canadian market.

That distributors in the United States are still of that opinion we have an excellent illustration in the markets of Great Britain in recent months. Last season the apple crop in Great Britain failed; it looked as if there would be a bare market, and the United States have been shipping into the markets of Great Britain hundreds of thousands of packages of excellent apples, good in quality, beautifully packed, exactly the same quality, exactly the same pack as our boxed apples produced in British Columbia, Ontario and Quebec. The result was that prices were driven so low that our producers received barely the cost of production. But those United States apples went into Great Britain over a tariff of 4s. 6d. a hundredweight, so that with our producers receiving barely the cost of production the United States producers have been receiving forty cents a box less than that. This illustrates the fact that the United States distributor does not mind losing money on a certain portion of his crop so long as he can prevent it from disturbing his own market and driving down the price for the rest of his crop.

I want to spend a minute or two in refreshing the memories of hon. members with regard to the changes that have taken place in the Canadian tariffs on these commodities in recent years. Twenty-nine years ago a Liberal government amended the customs tariff by inserting section 6, known as the dumping clause. Unfortunately they never used it. Fourteen years ago the Liberal government of which my right hon. friend was the leader amended the Customs Act by the insertion of a clause which enabled the Minister of Customs, as he was then called, to proclaim a value for duty which would enable the dumping clause to be used. Unfortunately he never used it. In 1926 a Conservative government,

being in power for a few months, promptly proclaimed values for duty, and for two shipping seasons the producer in Canada had the reasonable opportunities of his own market, and the consumer did not suffer. In March, 1928, however, my right hon. friend decided, owing to pressure brought to bear upon him by his free trade supporters, that the orders in council must go. They were all cancelled. With them went the values for duty; no more use was made of the dumping clause, and for two seasons the Canadian producer had the utmost difficulty in marketing his produce in the Canadian market.

In 1930 the present Minister of Finance (Mr. Dunning) brought in his famous budget, the budget which was to win the victory for the Liberal party. In introducing his budget he explained to the house that the government had considered the application of seasonal duties, but had come to the conclusion that seasonal duties were not suitable to Canadian conditions. I have never understood why seasonal duties would not be suitable to Canadian conditions. It is not a particularly new idea; sixty-five years ago the Ontario Fruit Growers' Association advocated their use. As far as I am aware they were never tried. But in 1930 the government did not propose to adopt them because they did not consider them suitable. Again pressure was brought to bear upon the minister by the free trade section of the Liberal party, and to our surprise, after the gruelling which the schedules in that tariff received when that budget finally emerged from the committee we found that seasonal duties had been introduced into it all down the line. Then came the general election and the change of government, and one of the first actions of the new government was to proclaim once more the values for duty, and to invoke the dumping clause. For five shipping seasons the producer in Canada had the reasonable opportunities of his own market, and certainly it cannot be said that the consumer suffered.

I want now to turn to a consideration of the items in the treaty which affect the fruit and vegetable growing industry. They will be found principally in the schedule attached to the treaty. It will be noticed that, to speak in general terms, the duty on vegetables has been reduced from thirty per cent to fifteen per cent and the duty on fruit from twenty to fifteen per cent. If they are left with only that amount of protection I am afraid that the fruit growers and the vegetable growers in Canada will find themselves in a parlous position. But as far as ten fruits and fifteen vegetables are concerned the government have taken power to apply the dumping clause in a modified way. They have power to declare a value for duty and added duty which shall not exceed four-fifths of the minimum amount used in the years 1933, 1934 and 1935. To my mind the question turns on this point, that although this power is provided in the treaty, if we remember the actions of a Liberal government composed to a certain extent of the gentlemen who hold ministerial positions to-day, a doubt must exist in the mind of the producer whether the government proposes to use this method of protection. If they use it the next question would be: Do they propose to use it to the full extent of their power? If they do so use it, do they propose to use it in time? For it is obvious that if Canadian produce rolls towards the Canadian market and arriving there finds that market cluttered up with the surplus of another country, and prices consequently very low, it will be of little assistance then to impose a value for duty, for it is most improbable that in face of Canadian production that price will rise. To my mind the whole question in considering the effects of this treaty upon the industry turns on that fact.

But there are three commodities which come in for less kindly treatment than do the others. There is one fruit, strawberries, and two vegetables, celery and lettuce, which receive considerably less assistance than do other fruits and vegetables. Why they have been selected for special treatment I do not know. As hon. members are aware strawberries are produced in considerable commercial quantities in British Columbia, Ontario and parts of Quebec. Just at the time when our strawberries are ready for the market they find themselves in a market cluttered up with the surplus of United States crops, which are just clearing up, and at a time when distributers in the United States are using every endeavour to keep that large quantity off their market. They do not care what happens to the Canadian market. Even though the minister employs to the greatest extent and at the proper time the powers provided in the treaty, strawberries will receive less protection than they did under the 1930 budget, without the assistance of any dumping duty. Similarly, in the Armstrong section of the Okanagan valley celery of quality is grown, and it is put up in such a pack that it is known throughout Canada. In California, just to the south of us, they do not grow their lettuce and celery by tens of acres; they grow it by thousands of acres, and it appears to me that British Columbia and Ontario will find themselves tremendously handicapped because of lack of assistance even to the extent of that

contained in the 1930 budget, to say nothing of the help producers of those two commodities have been receiving in the last five years.

Last year Canada imported $2,500,000 worth of vegetables and $2,500,000 worth of fruits, principally from the United States, of kinds and varieties produced in Canada. In the fiscal year 1929-30 we imported a little more than $7,000,000 worth of fruits and $8,000,000 worth of vegetables. Conditions in 1929-30 were very different from conditions obtaining to-day, and it does not seem at all improbable that the amount Canada will import in coming years under the provisions of this treaty will very considerably increase. I know of no variety of fruit or vegetable produced in Canada which could not be produced to a point which would go a very long way towards supplying the needs of the Canadian consumer at the time he requires them, namely in the actual producing season.

An examination of the effects of this treaty on commodities other than those mentioned in the special schedule reveals the fact that there are two which in future will come in under the intermediate tariff. I am referring to cut flowers and potatoes. Hitherto cut flowers came in from the United States under a tariff of forty per cent and potatoes under one of seventy-five cents a hundred. In future both will come in free. On Canadian soil and under Canadian conditions there is no question that dotted across Canada flowers of excellence are being grown. There are many occasions in our lives when we wish to purchase flowers; usually we want them in a hurry and are particularly anxious to get them. It seems to me most unlikely that florists will be able to produce in anything like the same volume they have produced in the past if in the future cut flowers come in free of duty from the United States, where frequently they are grown with the assistance of cheap labour, and, if they be hothouse production, under lower fuel costs prevailing in the United States.

It is less easy to understand the situation produced by the treaty with regard to potatoes, because in connection with this commodity Canada is on an export basis. Last year she exported five times as much as she imported. Surely the government does not propose to balance the trade in potatoes. Surely it is unlikely that the United States will fail to make use of the situation described by the Prime Minister in these words:

> Of the other products not covered by the trade agreement the most important are codfish and table potatoes, and in the case of both these products low prices and depressed conditions in the industries concerned in the United States made it impossible for the government of that country to consider the granting of concessions on these products at the present time.

I do not know if that can properly be connected with what I am referring to, but it amounts to this, that the price is so low in the United States that we will now let them enter Canada free, while Canada is on an export basis. However the government, if the minister sees fit, can correct these difficulties. He has pointed out, and quite correctly, that it is quite impossible for him to reveal the secrets of the budget before its introduction. I find myself in the position of having to endeavour to judge the treaty on the facts which present themselves to me at this time. Whereas these two commodities used to come in here under a tariff they now come in free, and I do not see how the producers can be other than troubled and anxious with regard to possible results.

For a few moments I should like to look at the other side of the treaty, and see what Canada receives. I find that in the future apples may enter the United States under a duty of fifteen cents a bushel rather than one of twenty-five cents. I wonder if hon. members know that forty-one states of the union produce apples on a commercial scale. I wonder if they have considered whether in view of that fact it is probable that Canada will be able greatly to increase the $10,000 worth of apples she sent to the United States last year. It does not seem to me that a country which grows apples to the enormous extent they are grown in the United States, and which has a proclivity for dumping its produce on our markets, will be very receptive to an increase in the supply of apples from Canada.

The duty on strawberries is reduced from one and one-quarter cents per pound to three-quarters of a cent per pound. Last year we exported $19,000 worth to the United States. I have already pointed out that when our strawberries are ready to move to the market they come up against the tail end of the United States strawberry season. Is it likely, then, that we shall find a receptive market in the United States for our strawberries? The duty on cherries is cut in half. We exported so small a quantity last year and in recent preceding years that they are not even mentioned separately, but come in under the heading of other fruits, n.o.p.

The duty on peas is cut in half for three months. There, again, the amount which we have shipped is negligible. Then we come back to potatoes. The duty on potatoes has

been reduced for certain months and a quota established. They want to buy our seed grain from this northern climate, but as we are on an export basis already, as they are allowed to ship their potatoes into Canada free, as our producers of early potatoes have more than enough to supply the Canadian market, it is very questionable to my mind whether we shall benefit greatly from that item.

The tariff on turnips is cut in half, and I think that will help. Two areas in Canada produce turnips on a commercial basis, and we shipped into the United States last year $396,000 worth. It may be that other areas in Canada will be able to turn to the production of turnips and that this reduction in the tariff will assist us.

The tariff on cabbage is reduced from two to 1½ cents. The quantity we shipped last year was negligible, but the quantity which the United States shipped to us last year was $161,000 worth, and four years ago it amounted to $450,000 worth. I do not think it is very probable that we shall get much assistance on cabbage.

So here we have seven items in the fruit and vegetable schedules on which we do get tariff assistance of a sort from the United States, but the whole of the rest of the fruits and vegetables which we produce will remain under the Hawley-Smoot tariff. In endeavouring to come to a fair decision with regard to the implications of this treaty regarding advantages to this particular industry, I am bound to say that I cannot find any. But the whole matter, let me emphasize, turns on the willingness or otherwise of the Minister of Finance to make use of the powers under his hand, and I would remind him once more that although the amount he can use is less than it was—I must also refer to the fact that it is a method of protection against which he set his face in an adamant way in 1930—the harm which this treaty may do to the fruit and vegetable industry will be considerably lessened if he will use that power to the full, and if he will use it in time.

Mr. A. H. MITCHELL (Medicine Hat): Mr. Speaker, before this debate adjourns and the house goes into committee I should like to say that it has been a source of satisfaction to me to have occupied a grandstand seat in the House of Commons while the two old stalwart political parties have been riding the hobby-horse of high versus low tariffs around the racecourse on its perennial run which it has been following now since 1867. It has been quite enlightening to watch it.

[Mr. Stirling.]

I should like to refer to a remark that was made by the hon. member for Moose Jaw (Mr. Ross) last night when he said, "My hon. friends in the far corner who say that the people of western Canada are not interested in trade are lucky that they do not have to go back to the country very soon." I wish to correct any misunderstanding that hon. members may have in thinking that we in this corner are not interested in trade. I do not wish those words to be put into our mouths at all. We, in western Canada are very greatly interested in trade, and we here in this corner representing Alberta are vitally interested in trade. We feel, however, that our interest is more in internal trade than in external trade at this time. We do not believe with the right hon. the Prime Minister (Mr. Mackenzie King) that external trade is going to solve the problem which now confronts Canada and do away with our unemployment problem and our relief camps and the various other troubles that confront us. We have no real hope that this trade treaty which is now being completed with the United States will bring back any very great measure of prosperity.

We have no really fundamental fault to find with the treaty, and I myself am going to vote for the passage of this resolution now being debated, but I am doing so not with any pious prayer that this new agreement, which might have been efficacious many years ago in the history of Canada, is going to be the one panacea we have needed these last five years to put our unemployed to work and that sort of thing. Our interest is in trade, in free trade, in lots of trade, but we might well have spent the time we have taken on this debate, and perhaps more, and I hope we shall before parliament prorogues, in devising ways and means whereby trade inside Canada might be stimulated so that our own citizens might be provided with the means for consuming to the full. Then, after that, we might make agreements with foreign countries for the disposal of our surplus. I hope, Mr. Speaker, that we shall spend just as much time on this new horse, which is not a wooden one like the hobby-horse of high versus low tariffs, and so, not being wooden, is likely eventually to arrive somewhere.

I have a particular interest in the last paragraph of the communication which passed between the Canadian legation in Washington and the Hon. Cordell Hull, Secretary of State of the United States, and signed by

H. H. Wrong, Charge d'Affaires. The last paragraph reads as follows:

I am further directed to state that the Canadian government propose to invite parliament to permit the entry free of duty and charges of incidental purchases by residents of Canada returning from the United States of America, not exceeding the value of one hundred dollars, under regulations, particularly as to the frequency of such entry and duration of visits, to be prescribed, for such time as treatment substantially equivalent to that now in effect is accorded by the government of the United States of America to incidental purchases by residents of that country returning from Canada.

People meet in tourist camps; travellers meet on the trains and in many instances the conversation turns to the great difference in the treatment regarding the entry of purchases accorded to American and Canadian tourists. Sometimes the American tourists feel a certain superiority which we do not like. My constituency of Medicine Hat touches on the international boundary. Many of my constituents live long distances from the stores and populated centres in Canada and they find it more convenient to cross the boundary to the towns of Montana. On their behalf I feel very grateful that it will be possible for them to avoid the temptations which are always in the way of such people to smuggle ordinary articles into Canada. I am glad to know that travellers and tourists going into the United States will be able to bring back those little articles which they feel they want and which they feel can be bought more advantageously in that country. They will not then be tempted to smuggle these articles into Canada. As a guide to what I expect from this government, I will read a paragraph from the United States Tariff Act of 1930. This is paragraph 1798 of the act, and it reads:

Residents of the United States returning from abroad are allowed $100 in value on articles acquired by them for personal and household use or as souvenirs or curios. These articles can be brought in free of duty provided they are not bought on commission or intended for sale; provided, that a resident of the United States shall not take advantage of the exemption herein granted within a period of thirty days from the last exemption claimed.

The last paragraph of Mr. Wrong's letter reads in part as follows:

—for such time as treatment substantially equivalent to that now in effect is accorded by the government of the United States of America to incidental purchases by residents of that country returning from Canada.

There is no definition there of a tourist or there is no stipulation as to how long one must remain in a foreign country before he is allowed this privilege. The real teeth in the United States act are that a returning resident must not use the privilege more than once every thirty days, and that the goods must not be bought on commission or intended for sale. It is my hope that the Canadian regulation will be similar to the American one and not specify a certain period which a tourist must remain in a country before he can take advantage of this exemption. Newspaper articles have appeared from time to time indicating that this period will be all the way from three weeks to three months. I hope the regulations will not be so couched that they will remove entirely the benefit of that particular clause.

On motion of Mr. Leader the debate was adjourned.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF NATIONAL REVENUE

Salaries, $946,240; contingencies, $75,000.

Mr. BENNETT: Will the minister give the committee particulars of the increases in this item?

Hon. J. L. ILSLEY (Minister of National Revenue): The increase of $74,910 in salaries is due to statutory increases and the transfer of about forty-five clerks from the temporary to the permanent staff and the establishment of ten additional positions of a minor character. The decrease in the contingencies of $22,700 is accounted for by the transfer of the forty-five officials mentioned already. The amount involved in this change is approximately $45,000, but from this amount must be subtracted an increase of $15,300 in the appropriation for printing and stationery to provide for tabulating equipment in the statistical branch, and an increase of $7,000 in sundry expenditures to provide for travelling expenses of officers of the headquarters staff.

Mr. BENNETT: Before this administration came into office consideration was given to co-ordinating the preparation of statistical information, and the mention of the tabulating equipment brings this fact to my mind. Could the minister advise us if anything has been done in this direction? The minister knows, perhaps better than I, that at the end of each month his department endeavours to get out with great rapidity information in connection with the trade during the month. A certain amount of tabulation also takes place in the statistical branch of the Depart-

ment of Trade and Commerce. An effort was being made to see whether something could not be done to coordinate this and prevent duplication of effort and expenditures.

Mr. ILSLEY: We are working on that all the time. The method of tabulation now employed in the Department of National Revenue has been worked out with Doctor Coats of the bureau of statistics. That is about all the information I think I can give.

Mr. HEAPS: I should like to draw a little incident to the attention of the committee and the minister. Although it is not very important, it may be symptomatic of many incidents which take place on our border line affecting people who return from the United States. A week ago yesterday I was crossing the border from Ogdensburg to Prescott and I was asked at the boundary if I had anything to declare. It so happened that I had in my possession a small box of cigars which had been given me and which I declared to the customs official there; it contained twenty-three cigars. I do not smoke, but I brought them back—at least I thought I was going to bring them back—for some friends in the house who do smoke. I told the customs official that I had there a box of cigars valued at, I think, exactly $1.10. He figured out what the duty would be and said it would be exactly $2.40 for cigars which cost retail $1.10. I told him he had better keep the cigars there and we would see what could be done about a duty of eleven cents on a cigar which cost a nickel retail on the other side. I asked for a receipt, which was given me. What I was wondering was: What is the disposition of goods that are impounded or retained by customs officials? I was told that these cigars would go up in smoke, but whether they were burnt or not I cannot say. I was told, however, by officials of the department that goods which are detained or seized by customs officials are destroyed by them at certain stated periods.

An hon. MEMBER: Destroyed by smoking.

Mr. HEAPS: It seems to me that if such is the case it is a most absurd regulation that anything which is seized or is left behind with customs officials should be destroyed, when there are many places where real use could be made of those articles. For instance, in the case of whiskey or cigars which happen to be seized by customs officials, it would strain my imagination a good deal to believe that all those goods are destroyed. I can hardly imagine that our officials are so honourable and generous that they can allow themselves to see good smokes and good whiskey going to waste in that way. I hardly think they would take the whiskey and pour it into the river St. Lawrence, nor do I think they would dispose of cigars in that way. But I do think, Mr. Chairman, that as regards goods seized or left at customs houses there should be some definite means of knowing what is done by way of disposing of them. In the case of such articles as I have just mentioned I see no reason in the world why, for instance, the tobacco could not go to some old folks home in the neighbourhood, and the liquor to the hospitals. I think it is ridiculous to waste material of which good use could be made. I have mentioned this matter privately to the minister. I should like him to inform the committee, if he can, how much goods have really been destroyed over a period of time and the character of the goods that have been so wasted.

Mr. ILSLEY: I think it will be possible to get the information for my hon. friend. The regulations are very strict as to the destruction of that class of goods, they are destroyed periodically when the inspectors visit the customs houses in question. I do not think, from information I have had since being in the department, that the suspicions of my hon. friend are justified, because nothing is more strict than the insistence upon the destruction of goods that are seized under such circumstances as he has mentioned.

Mr. HEAPS: But is there any reason in the world why these goods should be destroyed at all?

Mr. ILSLEY: I have not given consideration to the policy underlying the provisions of the act, but that is the law. I suppose, if it were not, abuses would creep in. One would have to be very careful about the destination of seized goods.

Mr. HEAPS: Is it the law or is it a regulation under the law that these goods have to be destroyed?

Mr. ILSLEY: It is the law.

Mr. HEAPS: Does the minister not think that, in cases such as those to which I have just referred, the law might very well be altered and that we should stop the wasteful destruction of goods which might be serviceable to people in this country who need them?

Mr. ILSLEY: I shall be very glad to give consideration to my hon. friend's suggestion. It would, however, require amendments to both the Customs Act and the Excise Act.

An hon. MEMBER: Let us have them.

Mr. LAWSON: On page 90 details are given of increases in several of the salaries. I assume these are the details of the item under discussion. I notice that the salary of the assistant commissioner of excise is increased by $300; that of the dominion customs appraiser is also increased. Are those statutory increases under the Civil Service Act or are they matters within the discretion of the minister under the National Revenue Act?

Mr. ILSLEY: Both are statutory increases.

Mr. LAWSON: Does that apply to the whole list set out on pages 90 and 91?

Mr. ILSLEY: In the main, yes.

Mr. BENNETT: I want to ask the minister one question and see if I caught his answer correctly. There is an increase of fifty-five persons in the service of the department, from 474 to 529. In reality, I gathered from what the minister said, there was a very slight increase, forty-five being already there, who show now where they were not shown before.

Mr. ILSLEY: That is correct. The forty-five were taken from the temporary classification and put in the permanent classification.

Mr. BENNETT: When was that?

Mr. ILSLEY: A few months ago.

Mr. BENNETT: Before or since this government came in?

Mr. ILSLEY: Before the change of government.

Mr. BENNETT: That is what I thought.

Mr. HEAPS: I notice an item, examiner of publications and director of publicity, $4,200. Can the minister explain to the committee the duties and functions of the gentleman who occupies that position?

Mr. ILSLEY: That official is charged with the administration of the tariff item which prohibits the entry of certain literature, which is seditious, immoral and so forth. That is one of his duties. He has others as well.

Mr. HEAPS: That was the item of which I was thinking. I observe that the gentleman in question has vested in him very wide powers, and of a kind which I do not think he ought to have. Under his jurisdiction, his guidance, literature which ought to come into this country is often banned. Literature that we can find in practically all our public libraries is not allowed into Canada. I do not know what special qualifications the official in question has for saying what literature should and what literature should not come into this country. But I do think matters of this kind, concerning what is fit for people to read, or what publications should be allowed entry into Canada, should not come under the Department of National Revenue at all. They ought to be under some department more competent, I believe, to judge of these questions than is the department which is charged with the collection of the revenues of this dominion.

I have had a little experience with this department in the past in reference to the banning of books. I remember that I went to a former minister of this department and asked if he thought certain books ought to be banned. He told me that he did not think so, but in the meantime the official of the department had banned those books which the minister thought ought to be allowed free entry into this country. I want to know what authority is given this gentleman in question; how he judges what books are to be banned and how he comes to exercise the authority and jurisdiction which he does exercise.

Mr. ILSLEY: Someone has to do it, Mr. Chairman. Really it is the minister who bans the books, but of course the minister cannot read all the books, so we have to get the most competent official possible to examine this literature. With regard to the qualifications of Mr. Roe, I may say that he is a journalist of many years standing and a former member of the press gallery, with a long record of public service. I have no reason to think his qualifications are not of the highest character. I should like to ask the hon. gentleman if he has in mind any particular books that were banned which in his opinion should have been admitted.

Mr. HEAPS: I was referring to ordinary books of a socialistic character that, to my own knowledge, have been banned, books that were published by Charles Kerr and Sons, of Chicago, that were held up by the department and not allowed to come into Canada.

Mr. ILSLEY: Would the hon. gentleman give me the name of the book or books by the author he has named, which literature he thinks should have been admitted?

Mr. HEAPS: The name I mentioned is that of a publishing house in Chicago which publishes a more radical type of literature. My colleague from Vancouver East tells me that he can give an instance.

Mr. MacINNIS: I had a letter a day or two ago with regard to a book that to my knowledge has been in circulation in British Columbia for the last twenty years. The title is Socialism, Utopian and Scientific, by Friederich Engels. As a matter of fact it is

an old classic that has been in circulation for the last thirty-five years. Why it should be held up now is something beyond my comprehension.

Mr. ILSLEY: I will look into the matter.

Mr. BENNETT: If the minister will not mind I should like to say that a great many complaints were received, even by myself, that we were entirely too lenient in our administration in this regard. I think the hon. member for Winnipeg North (Mr. Heaps) could be quite easily satisfied as to why this comes under the customs department. There is in our customs tariff an item which has been there for many years, forbidding the importation into our country of immoral or salacious literature, or literature that promotes revolution—I will put it in that way—or the use of force for the attainment of political ends. Someone has to determine whether a given book is immoral or salacious or whether it advocates the accomplishment of purposes in the manner I have indicated. There have been frequent complaints received to my knowledge, in fact by myself personally, with regard to books dealing with what one might call the new economic theories that advocate the accomplishment of a complete change in our social system by methods that at least the Supreme Court of Ontario have held to be improper. After that decision books that at times had come in freely were confiscated, because they constituted a violation of the provisions of the statute in the light of the decision that was given.

Mr. HEAPS: The book mentioned by the hon. member for Vancouver East is looked upon as a classic the world over. I assume one could find it in the public library here, though I have never tried to do so. I have no doubt it is in the parliamentary library; I believe if I sent for it I would get it. But, while it is permitted in all our public libraries, if anyone sends to the United States for a copy of the same book it will be held up and confiscated and considered to come within the classification of banned literature. I realize that there may be some force in the argument of the leader of the opposition, but there is the difficulty of allowing one individual to say what literature should be permitted to come through the customs and what should not be permitted to come through.

I think perhaps there is more involved in this than appears on the surface. It may be true that in some cases communications have come to the department urging that they should be a little stricter in their application of the ban on certain types of works, perhaps of a radical, socialistic or communistic character.

[Mr. MacInnis.]

On the other hand, we might ask for a ban on all fascist or nazi literature, and so on. One cannot say one form of literature must be banned while another of similar type is allowed entry. I think the gentleman in question, under whose jurisdiction lies this very important question of saying what is fit to read and what is not fit to read, should be guided by some definite policy, and there should be uniformity so far as the actions of the department are concerned.

Mr. ILSLEY: I would not like the hon. gentleman to go away with the idea that the department, the minister or any official has the right, by law, to determine what people may or may not read generally. All the department can do is administer a certain item of the tariff. That is item 1201 of schedule C of the tariff:

> Prohibited goods: Books, printed paper, drawings, paintings, prints, photographs or representations of any kind of a treasonable or seditious, or of an immoral or indecent character.

Necessarily there must be some discretion in deciding what is of a treasonable or seditious or an immoral or indecent character. To tell the truth, I do not know how the difficulty can be overcome. I will look into the question of the book mentioned by my hon. friend. I do not know its status, at the moment; that is, whether or not it has been banned.

Mr. MacNEIL: I should like to direct attention to a procedure which causes some inconvenience and hardship to booksellers. I refer to that class of literature which cannot be regarded as treasonable or seditious, and which has been in more or less general circulation in Great Britain and the United States. In the past the practice has been to hold up these books at ports of entry in British Columbia and other provinces and send them to Ottawa for examination. If it is found ultimately that they are not on the banned list, they are allowed to enter. Possibly in some cases some over-zealous officials have held up books in this way. I should like to suggest that some procedure be found which will do away with this hardship to the booksellers and avoid this inconvenience to those who have ordered books and who believe they are entitled to receive them. May I ask as to the policy in that regard?

Mr. ILSLEY: There are very few complaints of any hardship resulting from this practice. If the hon. gentleman would suggest any other procedure which might be followed I should certainly be glad to give the matter consideration. I presume there are occasions

when the collector does not feel himself qualified to decide whether the book is of a character to bring it under the item, and so he forwards it to the department for examination.

Mr. BENNETT: And to secure uniformity.

Mr. ILSLEY: Yes.

Mr. WOODSWORTH: I have had from time to time a number of complaints about the holding up of certain papers and books which I find on inquiry are not banned. Only a few days ago I had an inquiry from a prominent citizen of Alberta with regard to the Moscow News, which is not a propagandist organ, strictly speaking, but is a news organ printed in English. I remember some years ago on returning from two or three weeks in Russia I subscribed to that paper just to know what was going on. I subscribed for it in London, England, at a regular bookshop. My copy came through regularly. After the year expired I did not renew my subscription. But now I have a number of protests from different parts of the country, people saying that although they had subscribed through the London office they had difficulty in getting their paper. Only a few days ago I had a similar protest from Alberta about the paper not coming through. I understand it is not on the banned list. Why it should be held up at some local post office or by some customs official in the west, I cannot imagine. Can the minister give us some idea as to the mode of procedure in the matter?

Mr. ILSLEY: I think perhaps some collector might detain the Moscow News, not knowing, and wishing to ascertain, whether it is properly admissible. I believe, however, that such occurrences as the hon. member mentions are very rare; very little complaint has been made to the department of anything of that character.

Mr. HEAPS: I said it was quite possible that that book which was banned might be found in the parliamentary library. I have just sent a page for the book called Socialism, Utopian and Scientific, and from the parliamentary library comes this book that has been banned by the minister's officials. It has been in print since 1892. I do not have to comment on this matter any further; it shows the absurdity of some of the regulations put into effect by the individual in question. In spite of whatever qualifications he may have I think he must be governed by certain considerations that prompt him to ban books which can be found in practically every library in Canada, public, university, and private.

Mr. ILSLEY: I must find out whether that particular book is banned or not. I should be very much surprised to find that it is.

Mr. TAYLOR (Nanaimo): A rather serious instance occurred recently in Toronto. A man named John Stimak was fined $100 for having in his possession some Lenin books. On questioning Mr. Roe, the official referred to, he made the statement to me and my colleague on the right (Mr. MacNeil) that he endeavoured always to permit such books to come into Canada if they were philosophic in character and not definitely propagandist, but that his action did not affect the Stimak case; that once the book is in the country it remains for the various provinces to decide whether they shall permit it to be handled by their citizens. That seems a very ridiculous state of affairs. If the book is permitted to enter Canada it should be permitted to enter every province, and if a man in good faith is importing books that are permitted by the dominion customs to enter, then there should be no penalty for being in possession of those books in any province of the dominion.

This also should be said, that when a minister is considering the banning of books that advocates the use of force to change the social system he should also bear in mind the banning of books that advocate force to maintain the social system, and there are plenty of such books in circulation at the present time.

Mr. LAWSON: The seventh item on page 90 provides for an assistant private secretary, apparently the creation of a new position. Is that an assistant private secretary to the minister?

Mr. ILSLEY: Yes.

Mr. LAWSON: Further down there is another item: secretaries to executive. Apparently last year one executive had a secretary, and for the following year two are to have them. To which executive of the department is a secretary being provided that was not being previously provided?

Mr. ILSLEY: One of these positions was previously in existence and is in the office of the commissioner of excise. The other one is not filled. It provides for a position in the minister's office, and there is no present intention of filling it.

Mr. LAWSON: Then why include it in the estimates?

Mr. ILSLEY: Well, it makes provision.

Mr. LAWSON: But if it is not necessary and there is no intention to fill it, why provide

money for it? Judging by the minister's answer it is not a provision for a secretary for some executive in the department; apparently it is a provision for a secretary in the minister's office in addition to the private secretary who has always been there, and an assistant private secretary, which position is also provided for by these estimates.

Mr. ILSLEY: That is correct. The provision is made to give some little latitude in the organization of the minister's office. There is no secretary to an executive there other than the assistant private secretary, and there is no present intention of putting one there. But this gives a little latitude in case it should be necessary.

Mr. LAWSON: In other words provision is being made in these estimates for an assistant private secretary to the minister, an official he did not previously have, and for another secretary to the minister under the title of secretary to executive. Surely that cannot be so.

Mr. ILSLEY: I am informed that there was an assistant private secretary before.

Mr. LAWSON: For a time, yes.

Mr. McLEAN (Melfort): Then why complain now?

Mr. LAWSON: I am not complaining; I am asking for information. I have not made the slightest complaint, but when I see in the estimates an item which provides for a secretary to an executive, and the minister intimates that it is to be another secretary to the minister, obviously I think there must be something unusual in the situation, and I am trying to find out what it is. I supposed the executives in the national revenue department would be the commissioner of customs for example, the commissioner of excise, the commissioner of income tax. All I want to have clear is: Does this provision for an additional secretary as secretary to executive mean an additional secretary or assistant secretary to the minister?

Mr. ILSLEY: There is and has been for many years provision for a secretary to the executive in nearly every minister's office.

Mr. LAWSON: For one, yes, and there has been one in the office of the Minister of National Revenue. But the minister is now providing for two.

Mr. ILSLEY: No, only one secretary to executive. It is true that provision has been made for an assistant private secretary; that has been done there too. The only point is that I do not intend to fill that position.

[Mr. Lawson.]

Mr. LAWSON: I hope the minister and I are not at cross purposes. He says that there is only one, but if he will read the item in the estimates he will find there is provision for two secretaries at $2,100, and that it is carried out to $4,200.

Mr. ILSLEY: One is not in my office.

Mr. LAWSON: That is what I am trying to find out.

Mr. ILSLEY: I thought I said that one is in the office of the commissioner of excise. The other is provided for, but as I say, I have no present intention of filling the position.

Some hon. MEMBERS: Carried.

Mr. LAWSON: Some hon. members must wish to hold up the estimates; if they do I promise the committee we could spend a long time on them. In connection with one or two items I see reductions in salaries without corresponding reductions in the number of employees. About half way down the page I find an item with reference to chemists. There were four in 1935-36 and provision is being made for the same number in these estimates, but there is a reduction of $200 in salaries to be paid. Then, further down the page the minister will find a reduction of $400 in salaries to assistant chemists, although the same number are being retained. I should like to know the reason for the reductions in the aggregate amounts paid.

Mr. ILSLEY: The reason is that with the retirement of officials who have reached the age of sixty-five years—

Mr. LAWSON: Young men come in at lower grades.

Mr. ILSLEY: —other men come in at lower salaries.

Mr. HEAPS: May I revert to the banning of certain books. Perhaps the minister would give the committee a list of publications banned by his department.

Mr. ILSLEY: I would be reluctant to do that, because to begin with it would be advertising salacious literature.

Mr. HEAPS: I do not wish to do that. The minister knows what I have in mind. I am thinking particularly of works along lines I discussed a few moments ago, and I think particularly of a book by Friederich Engels entitled Socialism, Utopian and Scientific. There must be many other works of the same type which have been banned by the department. A minute ago the minister wanted to know if there was a ban on the book. It is quite possible that so far as the

department is concerned there may be no official ban, but I do know that in certain parts of the country books are not allowed to go through the customs department.

The hon. member for Vancouver East has in his possession a communication from an organization in Vancouver asking him to inquire about the ban on this particular book. Evidently a ban must be exercised by some of the customs officials in certain parts of the country. I do not want any advertising of salacious literature in this house or anywhere else, but it is quite another matter when departmental officials attempt to bar from proper circulation books of a philosophical nature in which are discussed questions and which any person might read to good advantage. I am suggesting that the minister might read the book by Friederich Engels; it would not do him any harm, and it might do good to some other hon. members in the committee if they were to read it. The book in question was published forty or fifty years ago, and I believe if we had a list of banned literature it might help some of us who occasionally read books of that kind.

Mr. MacINNIS: Despite the possible bad effect produced by advertising books of a certain type, nevertheless I think we ought to have some indication of what books are banned. It is possible that these books are banned only to some people, and that other people may bring them in or get them. That would be an undesirable state of affairs. I have been informed that although certain literature was banned to some people, other people could get those books. When we speak about salacious literature we are talking about something altogether different. It should not be difficult to find out the books which would come under that heading. At the moment I am not prepared to say that it would be worth while to have a censor. We could not do anything for those who would be detrimentally affected by reading such books, and those who would not be affected would not be reading them. There is no reason in the world, however, why we should not have a list of books such as I have indicated, and we should know why they are or are not admitted into the country.

Mr. MacNEIL: Would the minister accept a suggestion whereby the department would be approached by publishing houses and booksellers, listing with the department books of a philosophical nature read generally throughout the world? After they have been scrutinized by the department orders could be issued to the officers at the different ports of entry advising them that there would be no reason for banning such literature. I believe such an arrangement would eliminate a good deal of discontent and considerable inconvenience now being caused booksellers and customers.

Mr. ILSLEY: That is substantially what is being done now.

Mr. BARBER: I see an expenditure indicated for the salary of an expert tea tester. Is that an all year round job? I notice the salary is reduced by about $500.

Mr. ILSLEY: It is an all year round job, beginning at the lower range. That is the reason for the reduction.

Item agreed to.

DEPARTMENT OF FISHERIES

Fisheries—Salaries and contingencies, $133,331.

Mr. BENNETT: Is the salary of Mr. Larabee in this item?

Hon. J. E. MICHAUD (Minister of Fisheries): Not in this item. He is a temporary employee.

Mr. NEILL: There are a number of items I should like to discuss, but the list is so comprehensive that it is difficult to know which one to speak about. Speaking generally about the salary estimates I should like to suggest to the minister, who of course is new in his department, that what is badly needed in the department is a complete shake-up, and that applies both to officers at Ottawa, and particularly in British Columbia. In saying that I am not reflecting upon the management of the present minister or, indeed, upon that of his predecessor. The last minister was a victim, shall I say, and the present minister is liable to be embarrassed by the subtle, feather bed influence of his officials. They do not say to him: You shall not do so and so. That would possibly excite his suspicion and his resistance. But the continual dropping of water wears away the stone, and they yes, yes him, and then gently but quietly, day by day, influences are brought to bear and facts or semi-facts brought forward, and presently the minister finds himself committed to the stagnation of bureaucracy, than which there can be no more hopeless condition.

I do not suggest, when I say that there should be a shake up, that the minister should discharge the officials or attachés appointed by the late Conservative government, who have now become to a very large extent barnacles on the ship of state, and supplant them by Liberal attachés who in time would also become barnacles, but I use the word as I intend it; I mean: Shake them up. A certain section of the employees are

more or less asleep. Another section is composed of political hacks in every sense of the word. Another section, the larger one, and the most fatal of all, the one of which I, perhaps, complain most, is composed of those who have got into the official rut, and there is nothing more hopeless to get action from than that.

I have some knowledge of that situation myself, having been a civil servant for ten years, and I saw both in my own experience and that of others how the continued officials come to resent anyone coming forward with any suggestion that might mean action or change. We got into the position where we knew that it meant trouble and worry, and possibly a reprimand from the government for taking the wrong way instead of the right way. It was so much easier to make some general evasive reply or objection, and stall off the man or woman who wanted change. I was once told by a deputy minister of an important portfolio in this government, speaking from a long experience, "Mr. Neill, I get along best when I do nothing." He was deputy minister of an important department, and there are parts of this country suffering to-day from the policy or lack of policy indicated by his attitude. He is no longer a deputy, so I am not hurting anybody's feelings.

When I say, shake them up, I mean that those who have got into a more or less sleepy condition should be advised to wake up. The political hacks to whom I have referred, who got their positions through political influence—and I have no objection to that provided they carry out their duties—do not seem to be aware that there has been a change of government, and they are still continuing to play politics. I am referring more to British Columbia than to the offices here where, in fact, I know of none of that.

The third thing is to get them out of the rut, so that when a suggestion is made by people whose livelihood is at stake they will not simply sit down and write a letter, take the line apparently of least resistance, stall the man off, give him some form letter—I have received scores of them and have a dozen in front of me now—hoping that he will forget about the matter or give it up in despair.

Coming to the estimates themselves, I see the details are given on page 77. We know, if not from personal knowledge, at least from the press, that the government has told the different departments that they must cut down and practise economy. I do not know if they have been told that they must cut down their estimates to those of a certain year, or that a certain percentage must be cut off, or a certain sum, such as $200,000 or $300,000 must be cut off. At any rate, glancing at this book of estimates, the result is obvious. Orders have been given—and I am not complaining of this—to cut down expenses. It is the method I wish to protest against, and it is perhaps not the fault of the officials so much as of the system that has been adopted.

The minister or his deputy is told, we will say, that he has to cut down to the amount of $200,000. There are only one or two ways in which he can do this. The deputy can either cut down his staff, dismiss some of them, or cut down the seasonal work that is done in the field. Why can he not cut down the salaries of his employees? He cannot do that because that is regulated by the government in another way. If the government wish to cut down the salaries of the civil service they do so, as they have done, by a blanket reduction all round, but that is not within the scope of the deputy or the minister who is told to cut down the expenses of his department.

Then the deputy is confronted with this situation: I have to cut down $200,000; I cannot take it off salaries; what am I going to do? One thing would be to reduce the staff, but did one ever hear of a deputy doing that? What is the whole idea of a man when he gets into public office but to build a bureau around himself. Give a man the job of shovelling snow between the east and the west block, and then go away and come back in ten years, and you would not find him shovelling snow any more; he would be the deputy superintendent general of snow shovelling, with an office of his own and a deputy and assistant deputy, an accountant, and probably a purchasing agent, and we would be mighty lucky if he did not have a publicity agent as well. The deputy cannot get away from the temptation of building a staff around himself, and the superintendent general of snow shovelling would, of course, get a bigger salary than the man handling the shovel. Very well then. The deputy is not going to cut down his staff for that reason; then there is also the pressure of friends, and all his subordinates have friends and relations who will put pressure upon him.

Then what is he going to do? He will do as we see revealed in the estimates. He will cut down on the practical work. Instead of cutting down these salaries I note that there is an increase of $4,893, practically $5,000 of an increase, mark you, in salaries. Then if you will look at page 44 you will find that substantial reductions are being made in the work that is carried on. There is a total reduction of $185,112 in the various items, and where did the bulk of that reduction come

from? The biggest item of salaries and disbursements of fishery officers and guardians, fisheries patrol, and fisheries protection services. a very essential service in connection with the conservation of fish, is being cut down by $141,548 out of a total reduction of $185,112, while the overhead, the permanent salaries, has been increased by nearly $5,000. There are other items, some of which are being reduced thirteen per cent, some seventy-six per cent—that is one of the most important items that I shall deal with presently if I have time—another one, thirty-four per cent, and so on, while the overhead has been increased four per cent.

Partly it is the system that is wrong, and partly this is due to human nature; they do not like to go at it in the right way. It is inimical to the best interests of any industry, when economy and curtailment must be practised, that it should be practised on the practical work in the field rather than on the overhead. It might be said that the men working in the fields are also getting salaries, but they are cut out because they are seasonal men. The order goes out that instead of 150 guardians there shall be only eighty. Do hon. members realize the damage done by such a reduction? Streams that have been protected for fifteen years are left without guardians, and when a stream is left without guardians it means that poaching occurs, human nature being what it is. In British Columbia these conditions are particularly bad. There is an over-staffed office in Vancouver, but there is no suggestion of cutting down there. The really practical work in the field is to be curtailed.

Turning to the head office, I find that one man who is drawing a very substantial salary died but his position was filled at once. I believe his work could have been done by others in the department and there would have been an opportunity for some retrenchment. Instead of this, I notice that the staff at Ottawa has been increased from sixty to sixty-one. Then I notice a fisheries engineer, but that is all right. Then I notice a purchasing agent. How many things must be purchased for the department? Could not the services of the purchasing agent of the Department of Marine be obtained for the purchase of the things required for this department? Is it necessary that every little department should have a purchasing agent? I notice that the last auditor general's report gives the salary of this man as $2,862, but he is now slated at $3,420.

Then we find what I think is the gem of the whole collection, a director of publicity. What does the Department of Fisheries need with a director of publicity? What does he do? Before this item passes I intend to ask for full information on that. Then when I get it, I am going to ask what his assistant does. I have no doubt that if I looked further into this matter I would find that the assistant had an assistant, probably under the designation of clerk or something of that kind. Then we find a director of fisheries promotion and inspection. This gentleman receives a very substantial salary. Possibly he does useful work, but when the general services of this department are being reduced by $185,112, as will be found on page 44, I cannot understand why there should be an increase of $4,893 in the salaries of the permanent staff at Ottawa.

It is not possible to get full details for British Columbia as the auditor general's report is about two years old when it is issued, but I am sure the same conditions prevail there, if they are not worse. I believe they have a director of publicity, but he goes under a different name, something to do with statistics. I should like the minister to give me some explanation about these matters. First, what are the duties of the director of publicity and his assistant?

Mr. MICHAUD: In reply to the hon. gentleman's direct question I may say that the director of publicity and his assistant collect statistics and distribute them throughout the country and the world in an effort to increase the demand for fish. The fisheries industry of Canada is worth about $34,000,000, the fisheries of the Pacific coast alone are estimated to be worth $20,000,000.

Mr. PELLETIER: On page 77 I notice the salary for the private secretary shows an increase of $1,532.59. Why is that?

Mr. MICHAUD: Last year there was not a private secretary engaged for the whole year. The estimates for next year provide for one being engaged for the full year.

Progress reported.

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

Wednesday, March 4, 1936

The house met at three o'clock.

ELECTIONS AND FRANCHISE

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

That the name of Mr. McLean (East Simcoe) be substituted for that of Mr. Slaght on the

special committee appointed to study the Dominion Elections Act, 1934, and amendments thereto and the Dominion Franchise Act, 1934, and amendments thereto.

Motion agreed to.

JANSEN, SASK., POSTMASTERSHIP

Hon. J. C. ELLIOTT (Postmaster General): Mr. Speaker, I desire to present a return asked for by the hon. member for Humboldt (Mr. Fleming) with regard to correspondence respecting the dismissal of Ernest J. Symons, former postmaster at Jansen, Saskatchewan. I might say that a complete return in this connection was tabled in 1932 and is contained in sessional paper No. 388 for that session. That return is available to the hon. member.

CRIMINAL CODE

Mr. J. K. BLAIR (Wellington North) moved for leave to introduce Bill No. 10, to amend the criminal code (death penalty).

Some hon. MEMBERS: Explain.

Mr. BLAIR: Mr. Speaker, this bill is simply designed to abolish hanging and to bring about executions by means of lethal gas, or a lethal chamber.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PATROL VESSELS—PREVENTIVE SERVICE

Mr. VENIOT:

1. What vessels having their base at Dalhousie, N.B., were engaged in patrol work by the preventive service in 1933 and 1934?
2. What was the cost of same for each year?
3. What vessels, having their base of patrol at Shippigan, N.B., were engaged in patrol work by the preventive service in 1933 and 1934?
4. What was the cost of same for each year?

Mr. ELLIOTT (for Mr. Lapointe, Quebec East):

1. The patrol boat Vigil was based at Dalhousie, N. B., in 1933. No vessels were based at this point in 1934.

2. The cost of the patrol boat Vigil for the calendar year 1933 was $3,417.28. In addition the establishment for a vessel of this type provided for a chief petty officer at $3.20 per day, an engine room artificer at $3.10 per day and an able seaman at $1.95 per day. These men received a subsistence allowance of 60 cents per day each.

3. In 1933 the Neguac was based at Shippigan. In 1934 the Beebe was based at Shippigan.

4. The cost of the Neguac for the calendar year 1933 was $1,530.64. The cost of the Beebe for the calendar year 1934 was $1,930.38. In addition to the above cost the establishment for vessels of this type provided for a chief petty officer at $3.20 per day, an engine room artificer at $3.10 per day and an able seaman at $1.95 per day. These men received a subsistence allowance of 60 cents per day each.

LIEUT.-COLONEL W. ARTHUR STEEL

Mr. POULIOT:

1. Was Lt-Col. W. Arthur Steel seconded by the Department of National Defence to the radio broadcasting commission?
2. If so, from what date?
3. What was his salary in the Department of National Defence?
4. What is his salary as a member of the radio broadcasting commission?
5. What will be his pension (a) if he is sent back to the Department of National Defence before being retired, and (b) if retired while still seconded by the Department of National Defence to the radio broadcasting commission?
6. Is there any statutory provision for the superannuation of members of the radio broadcasting commission; if so, what is it?

Mr. RINFRET:

1. Yes.
2. 1st October, 1931.
3. $4,453 per annum.
4. $8,000 less five per cent.
5. (a) $1,975.38 per annum as of 1st April, 1936; (b) $3,520 per anum as of 1st April, 1936.
6. No.

CIVIL SERVICE COMMISSION—TRAVELLING EXPENSES

Mr. DESLAURIERS:

What amount was spent in travelling expenses by each commissioner and official of the civil service commission during the calendar years 1933, 1934, and 1935?

Mr. RINFRET:

Travelling expenses during the calendar years 1933, 1934 and 1935, of the commissioners and officials of the Civil Service Commission.

	1933.	1934.	1935.
Bland, C. H.	$ 420 05	$ 74 52	$ 123 92
Potvin, A.	75 55	424 05	307 89
Foran, W.	—	74 43	14 65
Boutin, N. R.	102 55	112 98	—
Cliche, L. P.	—	—	174 04
Cole, W. B.	25 60	—	7 25
Daley, S. J.	857 15	639 35	703 71
Dooner, V.	46 75	45 90	—
Gilchrist, G. H.	—	—	31 10
Gosselin, R.	195 18	346 42	359 85
Jackson, G. T.	—	191 40	630 25
Kemmis, A. C.	40 95	58 78	175 55
McNaughton, H. R.	541 26	428 20	330 86
Morgan, R.	271 20	900 51	720 82
Munro, M.	41 45	—	89 55
Nelson, S. G.	436 24	170 70	20 05
Putman, C. V.	125 83	211 41	118 37
	$3,179 76	$3,678 65	$3,807 86

MAJOR-GENERAL A. G. L. MCNAUGHTON

Mr. POULIOT:

1. Was Major General A. G. L. McNaughton, chief of general staff, seconded to the National Research Council; if so, on what date?

2. Was he retired as chief of general staff; if so, on what date; if not, why?

3. Referring to the previous paragraph, in the affirmative, what is his pension as chief of general staff, from the date of his retirement?

4. If the answer to paragraph 2 is in the negative, what pension will be paid to the said McNaughton: (a) if he is sent back to the Department of National Defence and retired as chief of general staff before July 4, 1936; (b) if his retirement takes place on or after July 4, 1942, and if he is seconded until then by the Department of National Defence to the National Research Council?

5. Did his predecessor, Dr. H. M. Tory, the former president of the National Research Council, receive a pension?

6. Is there any statutory provision for a pension to be paid to the president of the National Research Council; if so, what is it?

Mr. RINFRET:

1. Yes. On the 1st June, 1935, in the following terms: "Branch of the General Staff, Maj.-Gen. A. G. L. McNaughton, C.B., C.M.G., D.S.O., M.Sc. LL.D., i.d.c., p.s.c., chief of the general staff is seconded, whilst holding the appointment of president of the National Research Council, 1st June, 1935."

2. No, because it was then decided that he should be seconded.

3. Answered by No. 2.

4. (*a*) $4,800 per annum, as of July 4, 1936; (*b*) $9,000 per annum, as of July 4, 1942.

5. No.

6. No.

THREE RIVERS ELEVATOR

Mr. HALL:

1. Has the government signed the lease with the Three Rivers Grain and Elevator Company, Limited, covering construction of a private elevator on a government owned wharf; if so, when?

2. Has work on this elevator started; if so, who gave the necessary authority, and was it given before the expiratory date for the approval of plans had elapsed?

3. What money was spent by the government in developing the site upon which the elevator is being constructed?

4. What annual revenue does the government expect to receive, and what yield does this give on the investment?

5. Are not the present elevator facilities at Montreal and Quebec adequate?

6. If an elevator is required at Three Rivers, why does the government not build and operate it when they already have developed this site?

Mr. HOWE:

1. Yes. The Three Rivers harbour commissioners who went out of office 31st October, 1935, had authorized and executed a lease of a site on the 29th October, 1935. The new board of harbour commissioners who assumed office 1st November, 1935, recognized the obligation entered into by the old board but found a modification and revision of the terms embodied in the lease necessary in the public interest. The revised lease was executed 26th February, 1936.

2. Yes. Approval of the plans under the Navigable Waters Protection Act was found to be unnecessary.

3. The site leased forms part of the property which was made available for use by dredging, filling and reclaiming 834,512 sq. ft. of land and by building 2,690 lineal feet of wharf frontage. The cost of the reclaimed area based on the total cost of the work is approximately $3 per sq. ft. On this basis the value of the site leased is $206,100.

4. Estimated annual revenue:

1. Rental of land, 68,700 sq. ft. at 5c. per sq. ft.....	$ 3,435
2. For use of wharf frontage, 300 ft. at $2 per ft.....	600
3. 6c. per ton on all grain passing through the elevator estimated at 16,000,000 bus.....	28,800
Total.....	$32,835

This revenue would yield 16 per cent on the investment in the land leased.

5. This is a matter of opinion.

6. In the opinion of the government if private capital is willing to build and operate a grain elevator at Three Rivers, it should be allowed to do so.

JACQUES-CARTIER DISTRICT—SETTLERS

Mr. MALLETTE:

How many settlers in the district of Jacques-Cartier took up land under the act that ensured them a grant of $600?

Mr. ROGERS: Under relief legislation the dominion government has entered into an agreement with the province of Quebec, under the terms of which the dominion, province, and municipality contribute each a sum not exceeding $200 towards the settling on the land of any family which is on relief, or which would otherwise be in receipt of relief. Provision is made for an additional contribution of $33.33 for subsistence expenditures during the third year of settlement by each party to the agreement if the family is not self-supporting at the end of the two year period.

Selection of settlers is made by a committee which includes representatives of the federal government, the province, and the colonization departments of the Canadian Pacific Railway and the Canadian National Railways. This committee has selected for settlement 976 families with 5,029 dependents, of which number 21 settlers with 97 dependents are from the district of Jacques-Cartier.

PRINTING BUREAU EMPLOYEES

Mr. FOURNIER (Hull):

1. What are the names and addresses of all persons appointed (a) as temporary employees, and (b) as permanent employees at the printing bureau since October 14, 1935?
2. Who made such appointments?
3. Who recommended them?

Mr. RINFRET:

1. (a) Name—Address—Duties

(1) Wm. J. McCabe, 198 Woodbine ave., Toronto, Ont., hand compositor.

(2) Antonio Gariepy, 44 Bolton st., Ottawa, Ont., typist, grade 1.

(3) Marc A. Bérubé, 139 Notre Dame st., Hull, Que., typist, grade 1.

(4) Laurent St. Amour, 33 Montcalm st., Hull, Que., stenographer, grade 1.

(5) T. D. Donoghue, 141 Patterson ave., Ottawa, Ont., hand compositor.

(6) Alfred Schingh, 338 St. Patrick st., Ottawa, Ont., labourer.

(b) None.

2. First to fifth by civil service commission. Sixth by the minister.

3. First to fifth—no knowledge. Sixth—the member for Ottawa East.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ALBERTA PUBLIC BUILDINGS

Mr. MARSHALL:

What public buildings has the dominion government erected in the province of Alberta in 1935 (a) from moneys chargeable to capital; (b) from moneys chargeable to income?

Mr. RINFRET: Return tabled herewith.

PENSION APPEAL COURT

Mr. MacNEIL:

1. How many appeals were pending consideration by the appeal court as at December 31, 1934, in the following categories (a) appeals by the crown from quorum pensions commission; (b) appeals of applicants from quorum pensions commission; (c) other categories?
2. How many appeals were filed with the appeal court during 1935, as follows (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from quorum pensions commission; (c) other categories?
3. How many appeals were heard by the appeal court during 1935, as follows (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?
4. How many appeals were allowed in 1935, as follows (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?
5. How many appeals were disallowed in 1935, as follows (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?
6. How many appeals were referred by the appeal court to the pensions commission in 1935 (a) appeals of the crown from the quorum pensions commission; (b) appeals of applicants from the quorum pensions commission; (c) other categories?
7. How many appeals were awaiting consideration by the appeal court as at December 31, 1935 (a) appeals of crown from quorum pensions commission; (b) appeals of applicants from quorum pensions commission; (c) other categories?

BROADVIEW, SASK., POST OFFICE

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I should like to ask the Postmaster General (Mr. Elliott) the reason for the delay in opening a new post office at Broadview, Saskatchewan. This very fine building was completed last November and taken over from the contractor, and the people would like to know what is the occasion for the delay in opening it.

Hon. J. C. ELLIOTT (Postmaster General): This matter is within the jurisdiction of the Department of Public Works. The Post Office Department was advised by the chief architect on December 17 that a contract had been awarded for the supply and installation of interior fittings for this building, and under date of February 19 a request was made to the chief architect to ascertain when it would be possible to occupy the building. I understand that inquiries were made of whoever was in charge in the district, and that as soon as a decision has been reached my hon. friend will be advised.

ELMWOOD, MAN., POST OFFICE

On the orders of the day:

Mr. A. A. HEAPS (Winnipeg North): May I ask the Postmaster General (Mr. Elliott) when the post office at Elmwood, near Winnipeg, which is now completed, will be opened?

Hon. J. C. ELLIOTT (Postmaster General): I think I can give the same answer to this as I did to the question put by the hon. member for Qu'Appelle (Mr. Perley). The building is under the jurisdiction of the Department of Public Works, and consideration is being given to the matter referred to by my hon. friend.

HAGGIS IMPORT RESTRICTIONS

On the orders of the day:

Mr. W. A. FRASER (Northumberland): I should like to direct a question expressly to the Minister of Agriculture (Mr. Gardiner). A matter of national importance arises out of a communication I have received to-day from a prominent Canadian citizen:

> As a Scotchman born in Dumfriesshire of sheep stealing ancestors, I am passionately fond of the national dish of Scotland, namely, the haggis, and it always used to be my practice until a year or so ago to bring these out from Scotland in tins and consume them accompanied by the necessary neat Scotch whiskey.
>
> Early last spring I was told that a permit was necessary from the Department of Agriculture of the dominion government to bring haggis into Canada—

Mr. MACKENZIE (Vancouver): Shame!

Mr. FRASER:

> —and after voluminous correspondence with that department I was informed that the permit would be issued by a certain health officer in Edinburgh who looked after such things for the Canadian government.

Some hon. MEMBERS: Order.

Mr. BENNETT: Reading this letter is highly improper.

Mr. SPEAKER: I ask the hon. member to confine himself to putting his question.

Mr. FRASER: My question is, what steps will the Minister of Agriculture take in order that Scotchmen in Canada may be permitted to import haggis direct from Scotland instead of its having to come from France under the present regulation? It seems to me, Mr. Speaker, a matter of national importance.

Some hon. MEMBERS: Order.

CANADA–UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed from Tuesday, March 3, consideration of the motion of Mr. Mackenzie King:

> That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty's government in the Dominion of Canada, and the government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. HARRY LEADER (Portage la Prairie): In rising to continue the debate on this motion the first statement I want to make is that I intend to vote for the resolution. I am doing this not because I think this agreement is the last word in reciprocal trade arrangements, but because I believe it is a step in the right direction. I believe it points the road that the nations of the world must follow if we are to regain our lost prosperity. I have listened with a great deal of interest to the speeches so far made. One thing has been made very clear to me, and that is that the Conservative party is opposed to reciprocity with the United States. Not that I had any doubt in the matter, because I took the view during the last election campaign, and expressed it, that we had no assurance of a fair trade arrangement with our great neighbour to the south if a Conservative government should be returned to power.

Mr. SPENCE: You have got one now that you will be sorry for.

Mr. LEADER: On the other hand I was sure that if a Liberal government were returned we had reasonable assurance that we would have a trade arrangement with the United States. In view of the attitude that has been taken by members of the Conservative party, and particularly by the leader of that party, it seems to me that my attitude at that time has been vindicated. The hon. member for Kootenay East (Mr. Stevens) yesterday afternoon was frank enough to state that after serving twenty-four years with the Conservative party he never was convinced that his party believed in reciprocity with the United States. I am glad the hon. member was manly enough to come out and make that statement. I want also to congratulate him on his assurance to the house that he intends to vote for this resolution.

I have a political background that perhaps is not known to all hon. members of this house. Some may remember that I sat with the Progressive group in this house for four years.

Mr. SPENCE: You bet we do.

Mr. LEADER: A good many years before that I had belonged to the Conservative party.

An hon. MEMBER: Shame!

Mr. LEADER: I remember that when in 1911 reciprocity was an issue the Conservative party were opposed to reciprocity as they are now, and thinking I was a loyal Conservative and was doing what I thought was right by my party, I voted against reciprocity and have regretted it ever since. Now, lest someone should wonder why I am on this side of the house, I make this statement; I am over here believing that the Liberal government intends to do something, and I want to help them. I make this further statement, that should a Liberal government not legislate in the interests of my people I shall not hesitate to vote against them. That is my position in this house. I believe in Liberal principles; I believe that the Liberal party at the present time has a wonderful opportunity to do something of real value for the Canadian people, beyond that of any party that ever succeeded to power in this country, and I believe that they will. Our hope is in the Liberal party and they will not fail us.

This afternoon we are again discussing reciprocity. The measure is introduced by the Liberal party and is again opposed by the Conservative party. After all, it is not what one says that amounts to very much, but rather his achievements. I am reminded of the old saying, "By their fruits ye shall know them." I believe the agreement will be beneficial to Canadians, and particularly to agriculture, that part of Canadian industry with which during all my life I have been identified, and with which I expect to be identified as long as I live.

May I refer particularly to the agreement as it affects the cattle industry. I was pleased to note that while pointing out that the agreement might prove to be disastrous to Canada, the right hon. leader of the opposition (Mr. Bennett) admitted that it was beneficial to the cattle industry. For a moment I should like to discuss the terms of the agreement. It provides that cattle weighing over 700 pounds will be admitted into the United States at two cents per pound, which is a reduction of 33⅓ per cent from the former rate of three cents per pound. A quota of 155,799 head is stated in connection with the shipment of these cattle. Then, there is the further provision that cattle weighing less than 175 pounds will be admitted at 1½ cents per pound instead of 2½ cents per pound, a reduction of forty per cent in the rate of duty. In that category we will be allowed to ship 51,933 head. The rate on dairy cattle weighing more than 700 pounds is reduced from three cents per pound to 1½ cents per pound, or the equivalent of a reduction in duty of fifty per cent. Of that class 20,000 head will be allowed in. Last year we shipped 123,501 head of cattle to the United States market. If we fulfil our quota this year we will ship 227,732 head, or an increase over last year of 104,231 head. Surely that is a substantial margin of increase, and will go a great distance towards helping our cattle industry.

I should like to state what this will mean in dollars and cents. At one dollar per hundred pounds it would amount to $12 on a 1,200 pound animal, and less than that on one weighing less. It is estimated that the average benefit from the treaty will be $9 per head. Last year we received $6,295,682 from the total number of cattle shipped to the United States. If at that time the rates of duty indicated under this agreement had been in force this would have added an extra amount of $1,111,509 to the receipts of cattle producers. This amount added to the purchasing power of the Canadian people could not help but boost industry all along the line.

But that is not the whole story, by any means. It is a well known fact that the price

we get for our domestic produce is regulated by the export price. In view of that fact I should like to refer to figures handed to me by the Department of Agriculture which indicate that we produce 2,000,000 head of cattle each year. If we multiply that figure by $9 we have a total of $18,000,000. Therein lies the real value of the agreement. We now have two outlets for our Canadian cattle. I should like to give the figures for the last ten years of shipments of cattle to the United Kingdom and the United States. They are as follows:

Calendar years	Shipments to United Kingdom	Shipments to United States
1926..	$ 79,985	$158,295
1927..	8,263	283,004
1928..	405	242,354
1929..	....	250,536
1930..	5,400	54,716
1931..	27,149	24,589
7932..	16,568	12,865
1933..	50,317	5,734
1934..	53,953	6,567
1935..	6,704	123,501

It appears that prior to 1930 our best market was in the United States, but during the last five years it has been in the United Kingdom. To-day we have these two markets to which we may ship our cattle—a very welcome improvement, so far as cattle producers are concerned. An alternative market adds to the stability and guarantees a fair price. May I read a portion of a communication I received from the Department of Agriculture:

> The most recent development in the cattle industry is a revival of interest in Canadian cattle on the part of a number of importing firms in the United Kingdom. Six boats have been booked, having a total capacity of approximately 3,000 cattle and two boats have left the port of Saint John for British ports. The cattle situation in the old country is such that a scarcity of good fresh beef is expected and the market there is for the first time in almost a year returning to an export basis for Canada.

This agreement offers us a better opportunity to get into the United States market. The result is that we have not only the market in the United Kingdom but also the great market to the south of us to which we may ship our cattle. Although the cattle industry has suffered grievously, it would appear that brighter prospects are ahead. May I quote further from the letter from the Department of Agriculture:

> The most disturbing factor in the present situation in the domestic market is the tendency to liquidate heavy supplies of unfinished cattle, cattle that are neither good nor common, but of in-between quality and a distinct loss to the producer, since the cost of such stock last fall when put in stables was as high or higher than such quality stock has been realizing during past week.

That is what I mean, Mr. Speaker. It adds stability to have this alternative market and to be able to ship either to the United States or to the United Kingdom, whichever market is the more favourable. Anyone who has been engaged in the cattle industry knows that you do not make much money out of an animal unless it is fat, and when we have an unstable market the tendency is to get rid of beasts when they are only half fat, instead of fattening them up and thereby getting the maximum return.

While our market in the United Kingdom is very valuable, our natural market is with our neighbours to the south. At the present time, when you take into account the duty, the price of our cattle entering the United States is about on a par with the price in the old country, but transportation charges to the United Kingdom are so much heavier that for all time I think we shall have to rely mainly on the United States market. I have before me a few figures in regard to transportation charges. It costs approximately $26 including duty to ship a 1,000 pound beast from Winnipeg to St. Paul in the United States, and it costs in the neighbourhood of $30 to ship a 1,000 pound beast from Winnipeg to Glasgow or Birkenhead in the old country. There is also the danger of shrinkage in shipping to the United Kingdom market. It is a well known fact that cattle shipped to the old country very often shrink; in fact, the shrinkage often takes away all the gain that would otherwise accrue to the shipper.

As I said a few moments ago, the market at the present time is not so good, but under the stimulus of this treaty we are increasing our shipments of cattle to the United States. From January 1 of this year to date we have shipped 21,220 head of cattle to the United States as compared with 9,802 head for the same period of last year. At this point I should like to say to the government that I believe the time will come when it will be necessary to regulate our shipments of cattle to the United States so that we shall not use up all our quota in the first two or three months of the year, because to do so would work a great hardship on those who had not their cattle fattened in time and must therefore hold back and lose the benefit of shipping to the United States to the extent of the quota stated in the agreement.

I should like to say a word with regard to the quality of our products. If we are going to gain and hold a market in the United States or anywhere else we must produce what the trade demands, and I would submit to the Minister of Agriculture (Mr. Gardiner), whom I see in his seat, that great care should be taken by the government to see that the quality of our cattle is improved. I say "improved," because at the present time they

are not of as good quality as we should like to see. I heard the statement made at Brandon this winter, that the quality of cattle coming into the Manitoba market at St. Boniface has decreased forty per cent within the last ten years, and there is a reason for that. During these years of the depression farmers have more or less lost their morale and become somewhat indifferent; they have allowed their cattle to depreciate in quality. I would point out, however, that we can improve the quality of our cattle only by using good sires, and I would like to see the government undertake to do for the cattle producers of this country something along the lines followed in Great Britain and Ireland, where they have developed a better sire policy that has proven its worth in those lands. We have in operation in Manitoba and also in the dominion what are called bull loaning policies, but since the dominion government has undertaken to go into that line of work Manitoba has discontinued that policy.

Without appearing prejudiced or wishing to boost any particular breed of cattle I want to submit some figures which I think will be significant at least to cattlemen, and I hope they will cause some thought on the part of our Canadian officials. I love a good beast irrespective of breed. When a person speaks of beef cattle one immediately thinks of three outstanding beef breeds: the Shorthorn, the Hereford and the Aberdeen Angus. It does not matter to me what breed the animal is, so long as he is of the correct type, short legged, thick fleshed, deep bodied, the early maturing kind, the kind that will produce the best market animal. That is the sire one should buy irrespective of breed.

Now I want to give some figures in regard to the number of beef bulls that have been loaned in Manitoba from 1929 to 1932. The numbers were two hundred and fifteen Shorthorns, twenty-seven Herefords, and eleven Aberdeen Angus. Let me give the numbers of the beef bulls that have been loaned for breeding purposes by the dominion Department of Agriculture, and I may say that these figures were handed to me just recently by officials of that department. In the last four or five years it has loaned one hundred and sixty-eight Shorthorn bulls, seventy-one Herefords, and six Aberdeen Angus. I think, Mr. Speaker, that this situation is worthy of very careful thought on the part of the Minister of Agriculture (Mr. Gardiner) and the officials of his department. I am not going into details in regard to the bull loaning policy, but I have the idea that the farmer himself should be allowed to choose the breed that he wants, the bull he thinks it will be in his best interests to use. I also think the government should step in and provide a bonus to the purchaser of that animal, not to the man who sells it; they should give the purchaser a bonus with the animal he buys. There should also be a bull grading system, and the man who buys an outstanding animal under that system should receive the larger bonus. The animals should be graded No. 1, No. 2 and No. 3, and in no case should any bull that is graded below No. 3 be put up for sale for breeding purposes; it should be marketed, via the stock yards.

Perhaps some hon. members have not been very much interested in what I have had to say, but to me it is a very interesting subject and I am very glad to have had this opportunity to say a word in the House of Commons for the people whom I represent; especially am I glad that I have been able to say something in the interests of agriculture and on behalf of our stock raisers in particular.

In closing, I should like in supporting this resolution to offer my congratulations to the Prime Minister (Mr. Mackenzie King) upon his splendid efforts and success in securing the present trade agreement. It is more than a trade agreement; it is the hand of friendship extended to a nation that is our kin. It is an invitation to other nations of the world to trade more freely with each other and forget their economic wars.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, the hon. gentleman who has just sat down (Mr. Leader) has followed in the wake of other hon. gentlemen, especially those opposite, in supporting the resolution before the house. He was very careful to avoid any reference to the agreement being beneficial or otherwise in connection with the best market that the primary producers of Canada have, the market represented by the purchasing power of 1,000,000 workers employed in the industries of Canada. I do not include in this category the Prime Minister (Mr. Mackenzie King) and the Minister of Finance (Mr. Dunning). I believe they are both honest in their convictions, but it would appear that the Minister of Finance has a card up his sleeve in the shape of probable changes which may be made in the intermediate tariff when the budget is brought down. If that card were thrown on the table where we could see it, it would perhaps change the tenor of some of our remarks. I intend to deal with the agreement as it is now before the house and not consider it from the point of view of any changes which may come later.

Before dealing with the agreement, I should like to congratulate my right hon. leader (Mr. Bennett) upon the clear statement he made to this house. I understand he stated that he could have concluded an agreement like this, but in his opinion such an agreement would be disastrous to the people of Canada. I congratulate the leader of the Conservative party upon having the courage to refuse to accept such an agreement, even though the acceptance of the agreement might have returned him as prime minister of this country. The Prime Minister referred to the historic policy of this party as being one of retaliation. I always like to go back into history as far as possible, and I have before me a photograph of the original draft of the national policy as drawn by Sir John A. Macdonald when he attended a convention at Shaftesbury Hall, Toronto, in January, 1878. I should like to read three resolutions adopted at that convention, as follows:

1. They are satisfied that the welfare of Canada requires the adoption of a national financial policy, which by a judicious readjustment of the tariff, will benefit and foster the agricultural, mining and manufacturing interests of the dominion.

2. That no such readjustment will be satisfactory to the interests affected, or to the country, if adopted as a provisional means only —to meet a temporary exigency, or to supply a temporary deficit—nor unless it is made and carried out as a national policy.

3. That until a reciprocity of trade is established with our neighbours, Canada should move in the direction of a reciprocity of tariffs, so far as her varied interests may demand.

That shows that the statement that the national policy was one of retaliation is not founded on fact. The Conservative party has not used the national policy to prevent beneficial trade with the United States. The Prime Minister also said something about not being able to negotiate for other commodities. The inference in that remark is quite clear; he was referring to the Ottawa agreements. I believe the Prime Minister mentioned coal, and in this connection I should like to read a short report of a speech made by Mrs. Mitchell F. Hepburn, the wife of the Premier of Ontario, at a meeting of the Toronto Women's Liberal Association, held in Toronto on October 25, 1934, as follows:

Mrs. Hepburn stressed the matter of trade with the United States, and interpreted Mr. Roosevelt's statement that no trade agreement would be made with Canada until after a general election as meaning that "we cannot have fair exchange with the United States until Bennett is out of office." She deplored the unnecessary expense in bringing coal from eastern and western Canada to Ontario when Ontario might have freer exchange with the nearest point to the south. "Is there anything wrong with having freer exchange of Canadian wheat and United States cotton? There is stagnation in lumber and pulpwood industry in northern Ontario. Why not freer exchange of these products for iron and steel of the United States?" she queried.

If these remarks outline the objective of such an agreement as this, I doubt very much whether hon. members representing Alberta and Nova Scotia will endorse the doing away with the use of Nova Scotia coal in central Ontario and of Alberta coal in Manitoba. Canada has unlimited deposits of soft coal which could be used to great advantage in Ontario. I put in blowers for soft coal in four buildings and I have cut my coal bill in two. I believe it would be good policy for the government to advocate the bringing in of soft coal from Alberta and Nova Scotia. Where coal must be brought in from outside, the government should encourage the use of coal from Wales. This method would not allow coal to interfere with the British markets.

In connection with the British agreements, I should like to refer briefly to The Monthly Bulletin published by the Canadian chamber of commerce in Great Britain. In the September, 1935 issue it is stated that in the British market Canada holds first place in wheat, third in barley, first in oats, first in wheat flour, second in total grain and flour, second in cattle, second in bacon, second in hams, fifth in total meats, fifth in cheese, thirteenth in total dairy products, second in apples, fourth in canned salmon, first in lobsters, second in unmanufactured tobacco, first in copper, second in hides, second in unwrought copper, second in pig lead, first in total non-ferrous metals, third in machinery, fourth in total manufactures of wood and timber, first in patent leather, second in newsprint, fourth in paper, and first in rubber manufactures. If we are to infer from what the Prime Minister said that when the British agreements are up for renewal, drastic changes will be made, I for one have grave fears of Canada continuing to hold her place in the British market.

I should like to refer briefly to what Canada gives away by this agreement. I shall not spend any time in telling the house what Canada obtains by the agreement—and there are some good features—as my hon. friends opposite can do that.

1. Canada gives the intermediate tariff on a large number of American articles.

2. There is a reduction of 2½ per cent in the duty of motor cars valued under $1,200.

3. There is a reduction of 7½ per cent on motor cars valued at more than $1,200.

On the higher priced cars the reduction is 10 per cent.

4. The existing tariff on fruits and vegetables is slashed by 10 per cent to 15 per cent.

5. The duty on practically all agricultural implements is cut in half.

6. We have promised to abolish special valuations for duty purposes.

7. Canada gives specific reductions on sixty-eight items.

8. Canada allows free entry on twenty items now dutiable.

9. Canada guarantees not to increase the intermediate tariff on seventy-seven items.

10. Canada guarantees not to impose duties on fifteen items now duty free.

11. Canada will allow Canadian tourists to bring back $100 worth of goods from the United States.

12. There is also the favoured nation treatment which will apply also to twenty-nine other countries.

We had a dose of this kind of medicine between 1921 and 1926, when the government of the present Prime Minister reduced duties in the sessions of 1922, 1923, 1924 and later in 1925. What was the result? The Prime Minister will remember that a large delegation of manufacturers came here on September 4, 1924, and submitted figures to show that as a direct result of these several slashes in the tariff there was a net loss to Canada of 417 industries which closed their doors and threw their men on the labour market. Do we want another dose of that kind of medicine? Speaking as one who ought to know a little about industry and labour, if years at it count for anything, I intend to prove that many of the schedules are a menace to employment of workers throughout Canada.

Let me divide the iron and steel industries into ten subdivisions, taking the figures of 1929-30, the last years during which the Liberal party was in power prior to the election of 1930. I give the list: blooms and billets; castings and forgings; pipes, tubes and fittings; wire; boilers and engines; hardware and cutlery; machinery (not farm); tools and stampings; vehicles; sundry items.

In the year 1929-30 Canada imported from outside countries $278,000,000 worth of these lines of goods. Canadian industries, had they been given an opportunity to manufacture these goods, could and would have manufactured not less than $100,000,000 worth of them. It was because of the decline in the productivity of industries in Canada that the last Liberal government was defeated in 1930; the country had gotten into such a state as a result of the effect of its policies on industry throughout Canada, thousands of men being out of work, that the workers in 1929 were begging that government to go to the country; and when that government did appeal to the electorate it was thoroughly defeated. The leader of the Conservative party, when he came into power, reversed that policy. I am very much surprised at the way some hon. gentlemen opposite talk; they certainly cannot be familiar with what industry in Canada achieved under the Conservative government, for I make this statement without fear of successful contradiction, that Canada's position would have been infinitely worse than it actually was during the last four or five years had it not been for the tariff of the Right Hon. R. B. Bennett. I made a survey of a great number of these industries and I know. The tariff structure erected by the leader of the opposition when he was prime minister resulted in bringing into Canada 135 new industries which began to manufacture goods many of which had never theretofore been produced in this country. Those industries occupy 5,000,000 square feet of floor space, have invested in them $40,000,000, and employ 10,000 employees; and in addition to that, hundreds of other established industries employing from 80,000 to 90,000 more men were kept in motion in old lines, making goods that would not have been manufactured had it not been for that Conservative tariff policy.

The former prime minister, I know, received from industrial workers of Canada unbounded credit for what he did, and that was very well reflected in the last federal election in the cities that early benefited from that tariff policy—Toronto, which elected nine Conservatives out of eleven members; Hamilton, two out of two, or rather three out of three, taking the county; and St. Catharines and London, all of which profited considerably by the Conservative tariff.

Mr. YOUNG: If the hon. gentleman will look around him in the house he will see what the real result was.

Mr. MacNICOL: Well, if the hon. gentleman's party continues in the policy it is now pursuing, the membership of the next parliament will reflect the views of the people regarding that policy.

Let me now take up certain schedules one at a time, as rapidly as I can. The first item I look at is 184d. The new arrangement wipes out the duty on United States magazines. The late government placed on magazines coming from the United States a duty that had the effect of having printed in Canada about fifty of these American publications.

This resulted in giving employment in various companies to approximately 250 printers and other workers. It resulted in bringing into Canada from Chicago two plants which operated in Toronto, making ink too, and in which some fifty workers were employed. In other words, the printing industry, backed up by the tariff imposed by the leader of the opposition, then prime minister, resulted in providing directly 300 new jobs, with a monthly payroll of $40,000, and the government received some $6,000 per month in postage from mailing the magazines. I cannot understand how hon. gentlemen on the opposite side who are familiar with that situation can denounce legislation that brings about such results.

Coming now to the iron and steel industry, I take item 378b, bars and rods, not further processed than hammered or pressed. The duty has been reduced from 30 to 25 per cent. The next item, 380, is steel plates, flanged, dished, curved, hot rolled, which has been reduced from 30 to 25 per cent. This will result in a good deal of steel equipment being brought into the country, flanged, dished and curved by the great American plants, so that American workmen will receive that much extra labour in addition to the manufacture of raw steel plates. The next item is 381b, sheets of iron or steel. The reduction has been from $7 to $6 a ton, and that will certainly help the Belgian steel makers of the European cartel; but it will not help the steel makers in Sydney, Nova Scotia or in Sault Ste. Marie or Hamilton. It will mean a harder time for Canadians to keep their plants in operation. Item 382d is cold rolled hoop steel and 383d, 383e, 383f and 383g all have reference to a line of equipment the making of which has recently begun in Canada. A short time ago I went to see the plant in operation in Hamilton and as a Canadian I was greatly pleased to see fellow Canadians making this new line of equipment. In my opinion it is tough on the men who have invested money in these steel plants, which have given work to Canadians, and much tougher still on the men engaged in these plants, to find themselves with the possibility of being thrown out of work. Undoubtedly these plants will be affected to the extent that the reduction in the tariff makes curtailment inevitable. In the last three items we have reductions from 15 to 12½ per cent; from 25 to 20 per cent; and from 25 to 20 per cent. Take item 387, railway rails, which are made in Sydney, Nova Scotia and in Sault Ste. Marie, Ontario. The tariff has been reduced from $7 to $6 per ton. Every man in this house knows that the steel mills in Sydney, Nova Scotia, and Sault Ste. Marie, Ontario, have had a hard struggle during the last few years, and I for one cannot understand why the government, now that these mills are beginning to find things a little better, should reduce the duty on rails from $7 to $6 a ton. I feel that the men working in these plants have a grievance against the government as a result of this item in the schedule. The same applies to item 387a, covering railway fish plates and so on. A list of steel mills and forging shops in Canada deal with those items, and these factories will be affected proportionately because of the reduction in duty from $8 to $7 per ton. Then the rate under item 388c, covering iron and steel beams, not punched, is reduced from 17½ per cent to 12½ per cent. Recently, Mr. Speaker, the steel mills of Sault Ste. Marie commenced to roll beams in additional smaller sizes. This line is new industry in Canada, and should be encouraged to continue to roll wider beams and give work to more men instead of having the tariff reduced in this way. I might say the same with regard to item 388d, which covers iron and steel angles and channels, on which the duty has been reduced from 40 per cent to 35 per cent, and with regard to item 350, covering wire of all metals and kinds, under which the rate has been reduced from 35 per cent to 30 per cent. In the town of Waterloo, Quebec, they have a very good wire mill, I am told, and in addition there are large mills in Montreal, Hamilton and Toronto.

Before going further, Mr. Speaker, I should like to say that I am not referring to the western provinces simply because I have not made a survey of the towns and cities of the west from an industrial standpoint. Therefore I am not qualified to state what mills out there, if there are any, of this kind are affected as the mills of the east are.

Then item 312 refers to asbestos. We have by far the largest asbestos deposits in the world, but, being a very small consuming country, the asbestos is not manufactured into finished products to the extent one might expect. People have been getting into that business, however, and mills in Montreal and elsewhere have been manufacturing asbestos into pipe coverings and that sort of thing. The men working in these plants will be affected by the reduction in the duty on asbestos from 25 per cent to 22½ per cent. Then we have item 388, covering iron or steel angles, beams and so forth, on which the duty is not changed. Item 392 covers forgings. We have very fine forging mills in Belleville and Guelph, Ontario, two of the smaller cities of the province, and in

most of the large centres we also have mills making forgings. I do not see how men can feel encouraged to continue with that work after having the duty reduced as it has been.

Next is item 394, covering axles and axle bars, which are also made at Guelph, Welland and many other places in Canada, on which the duty is reduced from 35 to 30 per cent. Item 400 covers fittings, of iron or steel, and there again the duty is reduced from 30 per cent to 27½ per cent. Fittings are made in some twenty-five or thirty plants in Quebec and Ontario. Then item 402a covers welded or woven wire fencing, which is made in Hamilton, Niagara Falls, London and other centres. Item 407a, covering chains, shows a reduction in duty from 35 per cent to 30 per cent. This country deserves a good deal of credit for the two chain factories that have been established in St. Catharines and Niagara Falls, and surely the men working in those plants are entitled to more consideration from this government than to have the duty slashed to that extent. As far as I can see, Mr. Speaker, under this agreement we are going right back to the disastrous period of 1921 to 1926, when we were also under a Liberal government.

Then we come to the schedule of items under 409, pertaining to agricultural machinery. While this machinery may become a little cheaper because of the reduction in duty from 25 per cent to 12½ per cent, I feel very sorry for the plough factories, the cultivator factories and such plants in Aurora, Brantford, Lindsay, Toronto, Hamilton, Woodstock, St. Mary's and at various points in the province of Quebec. This is not the way to encourage men to invest money in business, and to give employment. We also have an item concerning windmills. If my memory serves me aright, Mr. Deputy Speaker, at one time there was a very good windmill factory in your own town; I am not certain about that, but I know there is a large windmill factory in Brantford, and the duty on these windmills has been reduced from 25 per cent to 12½ per cent, which is a very serious cut.

Item 410(1) covers ore crushers, rock crushers, drills and so on. A year or two ago I made a trip to northern Ontario, and I found the people there using Canadian drills—made at Welland, I believe—as a result of the tariff of Right Hon. R. B. Bennett. There were 150 men engaged in making these drills in Canada at Welland and elsewhere, and traffic to the extent of 150 cars per year was supplied to our railways. That business may be seriously crippled by the reduction in duty from 25 per cent to 20 per cent, and mills in Montreal, Sherbrooke, Quebec, Hamilton, Toronto and many other centres will be affected under this item.

So it is with a number of other items. I cannot discuss them all, but as far as I can see the reductions are all very serious. Item 415a covers refrigerators. This reduction will not help the city of London, Ontario, where we have a very fine refrigerator plant. I should like to say a word also about washing machines. When the late government came into power, washing machine parts, tubs and other equipment, were largely imported. For the most part they were made at Erie, Pennsylvania, Warren, Ohio, and Woonsocket, Rhode Island, but as a direct result of the tariff of the late government a great deal of that equipment has been made in this country during the last four or five years, much of it in St. Mary's, London, Stratford, Ingersoll, Hamilton, Toronto, Montreal and many other centres. As a result some 250 additional employees were given employment in the washing machine industry of this country. I would much rather give employment to 250 employees in the cities and towns I have just mentioned than to workmen in those three United States cities to which I referred.

I will conclude this part of my argument by referring to the long list of items covering, the larger machines that have been made in this country during the last five years as a direct result of the tariff of the Bennett government, some that were never made in Canada before that time. I have in my hand the picture of a very large machine made in the Bertram plant at Dundas, a hoist weighing 460,000 pounds, capable of raising or lowering sixty men at each lift, and of lifting them up or lowering them 4,200 feet. That company, as well as other companies in Brantford, Galt, St. Catharines, Welland and other cities and towns I have visited, did a good deal of business in the last four years in the manufacture of new machines of one kind or another. Now this government comes along and reduces the duty on such machines from 35 per cent to 25 per cent. That, sir, is a serious blow to iron workers, machinists, erectors of structural steel, and others working in the iron and steel plants of this country, and I fear very much that it will result in the loss of a great deal of employment.

A few days ago a newspaper was sent to my office, the Saskatchewan Liberal of February 27, 1936. The article reads:

Tariff Protection Exceeds Wage Bill

In 1934 Canadian automobile plants paid $12,938,933 in wages, and produced 116,852 cars and trucks worth $76,133,448. It will be seen that the total wage bill for this automobile and truck production is a few thousand dollars less than 17 per cent of the production value.

That statement does not give all the facts. For that total production of $76,000,000 the wages were, as the article sets out, $12,938,000, but the parts made in Canada by Canadian workmen in Canadian plants entering into that total production cost $24,355,000, and half of the parts that were made for jobbers amounted to $2,478,000. And of the United States parts imported entering into that total production are as follows:

United States parts	$13,677,000
United States engines	4,294,000
United States tires	106,000

On those importations the duty at approximately 30 per cent amounts to $5,423,000, the 6 per cent sales tax to $1,084,000, and the excise tax at 3 per cent to $542,000. The total of all these items is approximately $65,000,000. I leave out the freight, the drawback and the overhead.

It is apparent that these figures present an entirely different picture from that conveyed by this article. The press of this country should send out, and particularly to Saskatchewan where this paper is published, figures to show how misleading such an article is. It is not fair to the workers in industry of this country, to the workers making parts for automobiles and those working in the automobile plants in Canada.

Now may I quote some figures to illustrate what the market furnished by the industrial workers of Canada means to our primary producers. They are based on 800,000 families supported by industrial workers. I would rather understate my argument than overstate it. Eight hundred thousand workers' families would consume yearly:

	Head
Cattle	700,000
Hogs	625,000
Sheep	1,333,000
	Pounds
Fowl	24,000,000
Milk	800,000,000
Butter	125,000,000
Cheese	15,000,000
Vegetables	1,200,000,000
Fruits	296,000,000
	Dozen
Eggs	80,000,000
	Bushels
Wheat	20,000,000

Those figures are based on the report of the Michigan state commission on the cost of living in 1923.

Mr. DEACHMAN: Where does the hon. member get his 800,000 families?

Mr. MacNICOL: That is the number in industry.

Mr. DEACHMAN: Figures show that in 1933 there were only 493,903 employees in Canadian industry.

Some hon. MEMBERS: Order.

Mr. MacNICOL: The hon. member can speak when I have finished. I heard him the other night. I refer to his own county—or rather the county he represents—to show what industry means, as compared with the county of Waterloo. The county of Huron has an acreage of 830,000; the county of Waterloo 330,000. The assessed value of Huron county is $41,000,000, of Waterloo county $31,000,000. In Huron county there are approximately 180 small and large factories; in Waterloo, 400. That is reflected in the sums invested, being only $6,000,000 in Huron in contrast with $90,000,000 in Waterloo. There is a corresponding difference in the number of workers, 1,500 in Huron as compared with 20,000 in Waterloo. Of course these figures are for some years back. Wages in Huron totalled $1,200,000 as against $22,000,000 in Waterloo. That is what industry does for a county; if there were twice as many industrial plants in Huron the farm values of the county would be much higher than they are. No one would claim that the higher assessed value of land in Waterloo is owing to any higher quality in the land itself. It is clear evidence of what industry does for the farmers.

I checked the prices of farm produce in the two main towns of Huron, Goderich and Clinton, as compared with prices in the two main towns of Waterloo county, Kitchener and Galt, on the same day, and I found that Kitchener and Galt prices averaged 25 to 50 per cent, and in some cases 100 per cent higher than in Huron. Why is that? It is because of the larger percentage of men working in industry in Waterloo.

I wish now to give some idea of what the United States does for its industries. In this house there are many who denounce industry at every opportunity; they cannot denounce industry without denouncing the men working in industry, nor can they denounce the employer without also denouncing the employed. We do not find it so in the United States. In considering this agreement I recall what took place in England in 1843-44 when

the then Mr. Disraeli opposed his own leader, Sir Robert Peel, in the introduction of free trade. He said:

> We will admit into the home market, at reduced rates, the corn, hemp, and tallow of the northern powers,—

Meaning Norway, Sweden, Denmark, Germany, and so forth.

> —provided they will reduce, in equal proportion, the duties which they now levy on our cutlery and hardware.

That is the situation here. By this agreement the United States, according to the speeches of hon. gentlemen opposite, allow a certain amount of our raw products to enter their country, but in exchange for that they receive the right to ship into this country millions of dollars worth of manufactured goods. This will result in displacing from employment thousands of men engaged in industry in this country.

On April 29, 1934, United States Senator Glass introduced a bill to amend the Federal Reserve Act, section 13, with the object of encouraging industry by providing for loans to industry. We have had no such proposition in this country. The bill provided that:

> In exceptional circumstances, when it appears to the satisfaction of a federal reserve bank that an established industrial or commercial business located in its district is unable to obtain requisite financial assistance on a reasonable basis from the usual sources, the Federal Reserve Bank, pursuant to authority granted by the Federal Reserve Board, may make loans to, or purchase obligations of, such business, ...

This is encouragement to business. In this proposed agreement also the United States are encouraging their own business. The whole American plan has been to encourage industry. Their industrial market, as the result of the encouragement of industry, is the greatest market they have, just as in this country the greatest market for the farmer is the home industrial market. In considering any agreement with other countries, such as Japan and the other twenty-nine countries that come under this same agreement, consideration should be given to the wages paid to the Canadian worker in comparison with the wages paid to the foreign worker. I find that in Japan the silk throwers receive 2·2 cents per hour, cotton spinners 2·2 cents, cotton weavers, 1·9 cents, hosiery knitters, 4·2 cents, glass makers, 4·9 cents, potters, 5 cents, shoe makers 5·1 cents and founders 6·3 cents. Compare those rates with the wages paid in Canada. How can the industrial worker in the textile, shoemaking or hosiery plants in Canada compete with labour wages of that kind?

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

[Mr. MacNicol.]

Mr. J. G. TURGEON (Cariboo): I could not rise for the first time to address the house without first saying a word to His Honour the Speaker who has been given authority to preside over the destinies of the House of Commons. I would speak in this connection particularly since it has been my privilege to have had his honour's friendship for some years. Naturally my remarks to-day will be in English, not only because English is the language of my every-day life and, therefore, of my thoughts, but because essentially it is the language of my constituency and of the province from which I come. At the same time, not merely for the sake of saying a few words in the two official languages but in order that I may pay a tribute to His Honour the Speaker, I crave the indulgence of the house to speak briefly in the language which is particularly his own and that of the province from which he comes, the language which his ancestors and certain of my ancestors brought to this country hundreds of years ago, the language which has given so much to the literature and to the social and political life of Canada and, if I may add a purely personal tone, the language which my own elderly father took with him from the old province of Quebec when as a young man he went to my native province of New Brunswick. It is the language which during the last thirty-five or thirty-six years he has used in this chamber on many occasions.

(Translation): I wish to extend to the honourable Speaker my sincerest congratulations on the occasion of his election to the exalted and responsible office which he now occupies. I also wish to congratulate the house for having chosen to preside over its deliberations a man whose tact, learning and parliamentary experience assure him of a splendid career in the speaker's chair.

(Text): May I preface my remarks on the subject of reciprocity by saying a word or two with reference to the first minister of Canada (Mr. Mackenzie King). Speaking last week on this subject the leader of the opposition (Mr. Bennett), in his condemnation of the agreement made on behalf of Canada by the Prime Minister, brought before us an image of the late Sir Wilfrid Laurier refusing to accept an offer of reciprocity from the United States because he thought it militated against the interests of Canadian producers and industry. It is true that the name of Laurier is one which may be conjured with in this house and country, but I must say that it is not one the image of which may effectively be brought before us by the very people who

hounded him throughout his life and eventually sacrificed him because of their pretended patriotism and their grasping greed for political power. It was in connection with this very question of freer trade with the United States that Sir Wilfrid Laurier in 1911 met his defeat.

In appreciation of the Prime Minister of to-day may I say that in bringing before Canada an opportunity once more to accept the privileges of a reciprocal agreement with the United States he is treading on hallowed ground, ground hallowed by the sufferings and struggles, and eventually, by the sacrifice of the great past chieftain of the Liberal party, Sir Wilfrid Laurier. On behalf not only of myself but of the people in the great constituency I have the honour and privilege of representing in this chamber I wish to pay the Prime Minister our hearty and cordial respects for what he has done. He has given us an opportunity for a greater degree of material prosperity than we have had in the last five or six years. But by the manner in which he brought about this reciprocal agreement he has done something more than that for the Canadian people. He has restored to people of Canada that confidence, that faith in their fellowmen and that belief in the institutions of government which during the last four or five years they had been losing, but which has now returned.

As I listened to the hon. member for Davenport (Mr. MacNicol) who has just taken his seat, two points were developed with which I think I ought to deal. He said that hon. members ought to accept the statement by the leader of the opposition that he had had an opportunity of making an agreement similar to the one before us, but that in the interests of Canada he refused to make it. I would be more ready to accept that statement if during the election campaign the right hon. gentleman opposite, the then Prime Minister, had made that statement publicly. I come from a district the very development of which demands an agreement of this kind and demands a market for its natural products. Throughout the riding we were told, from meeting to meeting, that all we had to do was to wait until election day had passed and Canada would have a reciprocal agreement with the United States.

The other statement made by the hon. member for Davenport to which I shall pay a little attention was that when we talked about the benefits to be received by Canadian producers through the operation of the agreement, we were not taking into consideration the trade they would lose by reason of lack of ability to deal with the woodsmen of this country. I have before me a communication dealing with this matter which, with permission of the house, I shall read. Before reading it, however, on behalf of myself and the people in that part of northern British Columbia which I represent may I say a word to the Minister of National Defence (Mr. Mackenzie) in appreciation of the efforts he has exercised on our behalf not only in connection with negotiating this agreement but in connection with everything else that has come before the government since he entered the cabinet formed by the first minister.

The telegram is adressed to me by the Prince George Spruce Manufacturers Association, a group which the hon. member for Davenport will no doubt admit has something to do with lumber and woodsmen. It is in these words:

J. G. Turgeon, M.P.,
Ottawa, Ont.

Reciprocity treaty with United States best thing that has happened to northern British Columbia lumber industry in many years. Prior to imposition of American tariff this district shipping eighty per cent to United States operated fifteen sawmills employing at least 2,500 men cutting 120,000,000 feet payroll about $2,000,000. Following imposition tariff this shrunk year by year until only five mills operated employing about 500 men. Fall has seen marked improvement price and shipment volume and definite plans for this year call for operation ten mills with prospects of more and with greater scale operations for mills which operated last year.

Log scale and employment should be at least double last year's with considerable additional employment in railway and other auxiliary services. Additional employment should take care of most employable relief cases in sawmill area. Possibly best feature of treaty is that it permits shipment to States of low grade lumber for crating, et cetera, which could not be shipped under four dollar tariff, and which was formerly dumped on prairie at ruinously low prices depressing that market. This association has no political bias and is glad to commend any government action which helps our industry. The reciprocity agreement has been definitely helpful.

Prince George Spruce Manufacturers Association.

In addition to the lumber industry in that great portion of northern British Columbia we have that very important cattle industry which permeates every part of northern British Columbia and finds its way into the great Peace River district, which is partly in Cariboo and partly in Alberta. During the last few years the voice of the Peace River district has made itself heard in this house, on many occasions, always I think complaining of injustices because of action or lack of action by governments in the past. The voice of the Peace River district has been heard all

over the north American continent, and even across the ocean in Great Britain and part of Europe, crying to the world for settlement of its fertile and productive soil, and I am glad to-day, Mr. Speaker, speaking on behalf of the great cattle raising and agricultural industry of Cariboo, to read in connection with this trade agreement a few telegrams of approval that I have received with respect to the reciprocity treaty now before the house. The first is from Dawson Creek, B.C., signed by W. S. Bullen, president of the Peace River Block Live Stock Breeding and Feeding Association. It says:

> Peace River Live Stock Breeding and Feeding Association unanimously approve reciprocity agreement. Same vital to live stock industry of this northern district which is most important source of profit. Will supply outlet for live stock and secure means assisting this country return to prosperity. Dawson Creek centre very heavy shipments hogs and cattle but heavily grained cattle being sold at loss to feeders.
>
> W. S. Bullen, President.

I have another one signed by the board of trade of Fort St. John, which is the centre of all that part of northern British Columbia lying north of the Peace river, and which only awaits action such as this agreement and other action that parliament can take, to bring it to the prosperity that will ultimately come to it. The telegram reads:

> At special meeting Fort St. John board of trade the following resolution was unanimously passed, that this board of trade wire J. G. Turgeon, M.P., expressing its support of reciprocity trade treaty in general.
>
> D. P. McKay, Secretary,
> Fort St. John Board of Trade.

I have another telegram from Fort St. John, reading as follows:

> Peace River Block Farmers endorse reciprocal trade agreement between the United States and Canada.
>
> J. W. Abbott, President,
> Peace River Block Farmers Institute.

I do not intend to spend much more time upon this question, because I think these messages, not from individuals, but from reliable associations of producers express better than I can their appreciation and commendation of the action of the right hon. Prime Minister of Canada and his colleagues in negotiating this treaty with the United States. There are, however, one or two observations that I should like to make.

I have heard it said in the house, as have other hon. members—and it is but a repetition of the argument that was so destructive of the reciprocity pact in 1911—that we must be careful forever to maintain our east and west trade channel which has built up this Canada of ours, and that we must be perpetually upon our guard against even commencing on a north and south trade channel. That is the argument which has been underlying the whole economic policy of Canada practically ever since confederation, or at least since 1878 when the national policy of Sir John A. Macdonald was introduced. All Canada has heard the complaints from British Columbia and Alberta with reference to injustices in the freight rate structure of Canada. Let me ask you this, Mr. Speaker: If there are injustices in our freight rate structure, are not those injustices based upon that very element of our economic policy which says that we must forever maintain our traffic in an east and west channel? But this Canada of ours is a country which extends not only from the Atlantic to the Pacific, but north and south. Many portions of this dominion are but thinly populated, and there has been built up, by a combination of unconscionably high tariffs linked together with that very element of our economic policy which says that we must maintain our trade in a channel running east and west, a concentration of industry at a few points in Ontario and Quebec, with the result that we have that unjust and unholy accumulation of wealth against which the whole country is crying to-day.

We can look for many causes; we can trace many of the steps that have been taken by these few men in Canada who control the accumulated productive wealth of the country, but the most potent cause of all is the undue protection that has been given by high tariffs to our secondary industries, coupled with our freight rate structure and that element of our economic policy which says that forever we must maintain our channel of trade east and west, and that everything that is produced and required in the maritime provinces down by the Atlantic, and everything that is produced and required in the far western provinces, on the prairies and in British Columbia, must find its way to and from those central points where the secondary industries are established in those central portions of Canada. I am not saying anything against secondary industries, but I believe this Canada of ours was meant by providence for primary production, and that our secondary industries should be built upon the success of our primary industries. But because of that combination of circumstances to which I have referred, unconscionably high tariffs and the freight rate structure, we have seen our secondary industries prosper out of all proportion to our primary industries. No one objects to our secondary industries

prospering, but we do object to their prospering through the strangling of our primary producers.

I well remember that immediately following the election of 1911—and in that election campaign we were told that we must maintain our east and west trade channel and must beware of starting traffic north and south—at the very first session of parliament the government, supported by the present leader of the opposition, did two things almost by the same instrument. First, they caused the death of a motion that was presented to the House of Commons asking that the congestion of traffic in hauling grain from the prairie provinces to Fort William—it will be remembered there was a serious congestion in the year 1911-12—be relieved by lowering the freight rate from the prairies to the Pacific coast. The killing of that motion was followed almost immediately by an announcement by the then Minister of Trade and Commerce, the late Sir George Foster, that he had arranged with the United States Interstate Commerce Commission for a reduction of freight rates on Canadian grain passing over American railroads to American ports for shipment to Great Britain and Europe. That was within three months of the time when the reciprocity agreement negotiated by Sir Wilfrid Laurier and Mr. Fielding in 1911 had been defeated by the same cry that has been raised in the house during this debate, that we must beware of north and south channels of trade.

Let me ask a question with relation to this very cry. Before long the house will be giving consideration to possible means of increasing the tourist traffic; we shall be doing everything within our power to bring tourists from the United States to Canada. The former Minister of Railways, Mr. Manion, has stated that a properly organized tourist traffic would bring into Canada from one to two billions of new money. If every time we think of trading with the United States we are told that we must not have any traffic north and south, how can we encourage tourist traffic? I represent a constituency in the great undeveloped and fertile section of northern British Columbia. If we cannot have a traffic north and south, how can we bring in tourists to that great area? How can we do anything to advance the development of that part of British Columbia if we must always be on our guard against opening up, even to the least degree, channels of traffic running north and south instead of east and west? On behalf of the people of northern British Columbia, and especially those who live in the far reaches of the Peace river, I want to see something done to break the grip of certain interests in this country. I want to see channels of trade opened up to the north and south. Wealth has been concentrated in the hands of a very few and I want to see something done to break the grip which that concentration of wealth has upon the whole of Canada. I believe the greatest step that could be taken has been taken by this government by the introduction of this reciprocity agreement. I desire to commend the right hon. the Prime Minister and his colleagues upon the action they have taken. I thank you, Mr. Speaker, and through you, the house, for the patience and courtesy it has shown me in listening to my first attempt to address it.

Mr. T. A. THOMPSON (Lanark): The hon. member who has just taken his seat (Mr. Turgeon) has said a great deal about traffic north and south, but I want to say to him and to the house that I do not think there was ever in Canada a government that was not quite willing to have trade move north and south so long as the benefits of that trade were mutual and so long as it was evenly balanced. I do not believe there is any question about the principle of the agreement before us at the present time. It meets with general approval and it is only a waste of time to talk about trade north and south. We as Canadians are willing to trade wherever trade is beneficial. I do not think objections will be taken to trading with any country so long as the benefits accruing from that trade are evenly balanced. We must bear in mind that the channels of trade between Canada and the United States were not closed by Canada; they were blocked almost completely by the tariffs and restrictions placed upon Canadian exports by the government at Washington.

The question before the house is whether Canada is being justly compensated for what she is giving. Are we receiving fair treatment in this agreement? After examining the agreement I have arrived at the conclusion that the concessions received by Canada are altogether inadequate to reimburse her for the concessions she is making to the United States. A comparison of the terms of this agreement with those of our trade with the United States between 1913 and 1921, when our agricultural products entered that country free, will show how paltry are the advantages we are receiving. It is quite true that the President of the United States was authorized to reduce tariffs by only fifty per cent, but in the case of many items vital to the trade of Canada we do not get a fifty per cent reduction. In many cases the same commodities entered the United States between 1913 and 1921 free of duty. We have received on cattle, on lumber and on grass seed some concessions

which I hope will be beneficial to the primary producers. However, the tariff on milk is still prohibitive. A duty of thirty-five cents per gallon on cream, eight cents on butter and five cents on cheese is prohibitive. I contend that nothing has been done for the dairying industry.

After looking carefully over the whole situation it is my considered opinion that Canada, with 11,000,000 people and situated on the northern part of this continent, will never be able to make a satisfactory and permanent trade agreement with the 125,000,000 people living to the south. Their climatic conditions are so much more favourable than ours. The United States to-day have a surplus of and is exporting practically every product that we are endeavouring to sell to them. In 1934 they exported almost $12,000,000 worth of bacon and $800,000 worth of beef. They exported large quantities of butter and cheese and other commodities which we are endeavouring to sell to them. How can we hope for a permanent market under those conditions? On the other hand, Great Britain will always have to purchase hundreds of millions of dollars worth of foodstuffs. It is a well known fact that the British empire within its far-flung stretches produces almost everything necessary to satisfy human needs. I think it behooves us to build up trade as far as possible within the British empire. I do not object to making trade treaties with foreign countries, but when we do so let us see that the benefits are evenly balanced.

According to the last census, over fifty per cent of our people now reside in urban centres. These people living in our towns and cities are dependent upon industry for their livelihood. These people consume over eighty per cent of the agricultural products of Canada. If this agreement strikes a blow at industry and depletes the purchasing power of those who are living in our urban centres, then we lose the market for the farm produce of Canada and our agriculturists will suffer just as much as will those engaged in industry.

We have heard a great deal about farm implements, about the increase in the price of implements following the announcement of this agreement. Well that is not strange; it is nothing new when you look over the history of this dominion. Lowering of tariffs has never assured to the consumer a cheaper article; very often where tariffs have been lowered the consumer has paid more for his goods. I am convinced that the provisions of this agreement will strike a staggering blow at industry and will result in thousands of our people being unemployed. And what do we give them? In this agreement we yield our favoured nation treaty to a very large extent, and we also yield our intermediate tariff. We endanger our trade balances, and worse than all we imperil our trade within the empire. These are facts that must be considered in this agreement.

I was rather surprised the other day, when the Prime Minister (Mr. Mackenzie King) introduced this resolution, to see him throwing the agreement into the maelstrom of political controversy. It would have been more seemly had he introduced the resolution and asked the house to consider the agreement upon its merits, but he started by twitting the leader of the opposition (Mr. Bennett) for not having been able during his years of office to consummate with the United States an agreement which he, the Prime Minister, could make in a few days. It is a well known fact that the then Prime Minister, now leader of the opposition, could have made a bargain such as we have here, but he would not sacrifice his country's interest for any party advantage. I believe every hon. gentleman in the house will agree with me when I say that it would have been of great advantage to the Conservative party before the last election if they could have gone before the electors with a favourable and satisfactory trade agreement with the United States. Everyone admits that, and why was it not done? Simply because the then Prime Minister would rather go down to defeat than sign an agreement that would be detrimental to the interests of Canada. But what did the Liberal party do? When that party came into power the present Prime Minister rushed to Washington and there swallowed the American bait, hook, line and sinker. He took their proposition, signed it and rushed back declaring that he had made a treaty of which Canada might well be proud.

Having honestly studied this agreement, I have come to the conclusion that Canada has got the short end of the stick, and the Canadian people, when the provisions of the agreement go into effect, will begin to realize that we have sold our birthright for a mess of pottage. Further, if such agreements as this are to be made, whereby industries in the United States will buy our raw material and manufacture it, selling back to us the finished product, they will simply make of our people hewers of wood and drawers of water. We can go into the woods and cut timber; we can go into the mines and mine the ore; we can do all the rough work in the production of these primary necessities, and this raw material

can all be taken to the United States, manufactured there and sold back to us. This means that thousands of our men and women will be obliged to do what they did when the Liberal party was in office before; they will follow the trend of industry and go to the United States looking for work.

I cannot understand the attitude of the Prime Minister. I sat in this house and saw him strenuously opposing the trade treaties with Great Britain in 1932. Day after day he fought them. They were ruinous to Canada, he declared, and he marshalled every man behind him to vote against them. The fact is that those trade treaties of 1932 have been the greatest achievement in Canada since confederation. That preference in the British market has been the dream of every Prime Minister of Canada since confederation, and it was consummated only by the present leader of the opposition. Yet we found the then leader of the opposition, now Prime Minister, fighting that agreement. Further, I say that that trade agreement kept Canada solvent and her farmers from bankruptcy. But the moment the right hon. gentleman opposite is elected Prime Minister he rushes off to a foreign country, to the United States, and is willing to take any agreement they offer. Can one understand the Prime Minister of Canada refusing to endorse freer trade, beneficial arrangements with Great Britain, the mother country, and then being willing to make with a foreign country a treaty that will be detrimental to the best interests of this country? I do not wish to pursue this matter further; we shall have an opportunity, when the items are before us, to discuss them in detail. But I assure the house that I will certainly vote against this agreement when it comes up for ratification.

Mr. J. J. KINLEY (Queens-Lunenburg): The resolution before the house asks our approval of the Canada-United States agreement. A perusal of that agreement reveals at once how complex and intricate a modern trade agreement is, both in its general terms and in the schedules of the tariff items. In its preparation considerable skill, experience and technical knowledge is required. It always has been the pride of leaders in our country to try their hands at trade agreements with foreign countries. I think we can agree that this time the Prime Minister of Canada (Mr. Mackenzie King) rose to the occasion and that he and his associates have brought to parliament an agreement which will be in the interests of the people of this country. He grasped the opportunity as it presented itself; he made an agreement quickly and effectively, and that is perhaps one of the things that appeals most to the people of this country This agreement must face the ordinary hazards of business when it becomes part of the law of the country. Some people will say it is a good agreement for the United States and others will say it is eminently in the interests of Canada. Let us hope it will be in the interests of both countries; that must be so if we are to have any permanent benefit from it.

The other day the hon. member for Dufferin-Simcoe (Mr. Rowe) said there was no sentiment in business. As a business man of some experience let me say that in my opinion there is a good deal of sentiment in business, and I believe it is well for every business man to recognize that fact. We all like to think that we are logical, but no one knows better than public men that when sentiment is appealed to logic takes second place. I heard the hon. gentleman say there was no sentiment in business; I could tell, however, from the tenor of his remarks that he was a past master in sentiment, and that he used it well for his own benefit on the hustings when appealing for election. I believe this idea that there is no sentiment in business had its origin in the philosophy of law, with people who only have to do with business when it becomes unhealthy, when friendship ceases, and there can be no dealings of any kind. The sentiment that we require at this time, however, is the good will that has been so ably portrayed by the Prime Minister in his speeches and actions.

This modern agreement makes provision for almost every eventuality; it contains conditions that never before were considered necessary in a trade agreement. For example there is a provision for exchange; it deals with the value of our money, so there will be no inequalities in this regard. There is provision also that we may carry on properly the marketing of our products with no outside interference. The agreement provides against low wages to labour; it considers our morals and our health in their relation to trade, and finally the escape clauses provide a method of retreat, if it should prove disadvantageous to Canada.

Our trade agreements come close to our people. We hear very little from those who benefit, but those who are hurt talk loudly. I was anxious, as I know we were all anxious, to hear what the right hon. leader of the opposition (Mr. Bennett) would have to say. From his experience and his position in the house we expected him to say the worst, and we knew that when he was through we would have heard the most that could be said

against this agreement. After listening to his two hour speech may I say that in my opinion the members of this house and the country generally were more firmly convinced than ever that the Prime Minister and his associates did a splendid job when they went to Washington. The right hon. gentleman dipped into the past in an endeavour to defend the actions of his party in former years. I hardly think that was necessary. I am not one of those who believe that one party is always right and the other party is always wrong. I have been taught that whenever serious minded men get together for a serious purpose there is always an element of truth and an element of error, and in this case we must decide which predominates.

The policy of the Liberal party is one of wider markets and foreign trade. That policy was supported by the Liberals in the last election; it was endorsed by the people, and I think that endorsement is sufficient for parliament to carry out the terms of this agreement as quickly as possible. An eminent public man in Canada has made some splendid speeches recently; in one of them he said in effect it was wonderful, the instinct of the average man to be right as against the superior knowledge of the intellectuals. We know that by his vote the average man has endorsed the policy of the Liberal party. In addition to that only yesterday we heard the hon. member for East Kootenay (Mr. Stevens), the leader of the one time Reconstruction party, who represents the opinions of a great many people in this country, say on the floor of the house that he would support this agreement because he thought it was a step in the right direction. During the last campaign we said, "Vote King and get action." The people voted King and they got action. I believe we in this parliament, fresh from the people, representing as we do the view they expressed by their votes, should give this agreement a good send-off, with the good wishes of every member of the house.

It is not only the Liberals who are in favour of this agreement; the financiers of the country are in favour of it also. Only the other day the governor of the Bank of Canada said in no uncertain terms that the shackles of trade must be loosed in order that Canada might do business with the world, and at the annual meeting of the bank of Nova Scotia the president of that institution made it plain that he believed that the first element to be considered in order to bring this country some measure of prosperity was the advancement of export trade for Canada. In 1911 the Liberal party, under Sir Wilfrid Laurier, was defeated on the issue of reciprocity, and we have heard quite a good deal about that. At that time Sir Wilfrid Laurier was attacked not only by the Conservative party in Canada; he also had to do battle with the reactionary interests in the United States. In addition he was attacked at a time when he was most vulnerable, because of an unholy alliance in this country. All these things combined to bring about the defeat of the great Canadian chieftain of that time. Privilege was in the saddle, within and without. The Liberal party was beaten and reciprocity went down. Why? Because Sir Wilfrid Laurier, instead of putting it through parliament and letting the people judge by experience, went to the country and met defeat. To my hon. friend who says: King should have submitted this to parliament and asked them to decide, I say: To-day the country needs leadership. And the Prime Minister gave us leadership; he has behind him a party of stability, put there by the Canadian people for the very purpose of doing this thing, and he did it well.

We cannot talk about reciprocity or trade agreements without thinking of a great Nova Scotian. I refer to the late Right Hon. W. S. Fielding, the little gray man from Nova Scotia, who for years was the finance minister of this country; who knew the problems of the maritime provinces, and could in a way that was almost marvellous harmonize the desires of his people down there with those of the people of central Canada so that we worked together effectively and successfully. We had prosperity in this country in the days of Laurier and Fielding. In those days we had no depression. I do not say that the conditions were the same. But they said: Leave well enough alone. That was the cry when Laurier was defeated on reciprocity. There are some who say that the present Prime Minister did not act quickly enough or was not persistent enough during his former years in office. I suppose he had the lesson of 1911 before him. Between 1921 and 1930 this country was prosperous, and perhaps he would have been unwise to disturb that prosperity; he knew what the Tories would say if they got a chance at him. Furthermore, he had practically no majority from 1921 to 1930; he governed this country almost by compromise, and he did it well. When anyone says that my right hon. leader should have made a treaty under such conditions he is saying something which will not bear examination. With regard to the

Underwood tariff, that was a fine gesture on the part of the United States, an expression of good will, if you like. We gave them nothing; they lowered their tariff on many articles, and the fishing industry of my province was never more prosperous than in the years of the Underwood tariff.

I want to deal briefly with some of the objections raised the other day by the leader of the opposition (Mr. Bennett). He said the fishermen of this country who have to compete with the American trawlers will get very little out of this agreement—the American trawler, forsooth! In this country, competing against the Canadian fishermen, are beam trawlers bought on the bargain counter in England and now used as a club to keep down prices to the fishermen. A corporation which in the last analysis has its home in the United States becomes a primary producer in a position to dictate prices to the fishermen of Nova Scotia. If the leader of the opposition was so particular about our fishermen he should have looked after them when he was in power. He was there for five years; during that time the fishermen suffered as much as any other people in Canada, yet they received nothing at his hands. But now that he is in opposition he tells them they will have the competition of the American trawler.

An hon. MEMBER: They lost their market.

Mr. KINLEY: Ten years ago Lunenburg had 2,500 men on the sea; to-day we have less than a thousand, and unless something is done to help them the salt fishing industry faces extinction. It is my privilege as a member of this parliament to ask that something be done to stimulate that primary industry. We hear a lot about free trade and protection; I think one minister of the crown some days ago said that if we are to continue a high or an excessive tariff policy in this country we must stimulate the primary industries. The condition of the primary industry of fishing is such that it needs stimulation, and we ask that that industry be given consideration.

Then the leader of the opposition pointed out that the duty on flour was reduced to fifty cents a barrel, and, he said: You remember the old days when it came in schooners from Boston. Bread is the staff of life to the fishermen, and they complain that now they can buy flour cheaper in Newfoundland than in Nova Scotia. It looks as if the primary producer of flour does not get the benefit of the duty in any event. If there is any country that should be able to produce flour cheaply for its people Canada is that country. Hon. members would think a long time before voting for a high duty on flour, I believe.

Then the leader of the opposition says: Look at the revenue the country is going to lose by this agreement. From my experience in business I find that low prices increase turnover. If I want more business I put on a sale and reduce prices. Canada will do more business as a result of this agreement, and in spite of the fact that we shall not have to pay as much tribute in duties, the exchequer of the country will gain.

The right hon. gentleman said further that the British empire agreements made this agreement possible. Well, if so, he has done a good job in that regard, because I think this agreement is beneficial. But may I remind him of this: if the manufacturers of this country are going to be hurt by this agreement, how much more are they hurt by the British empire agreements? This agreement does not give the lowest level of Canadian duties; the lowest general level of Canadian duties is that provided under the British empire agreements. If there is the hazard that we are to be flooded by goods from other countries, they would come in the first place from the countries enjoying the lowest level of duties.

Then the right hon. gentleman, referring to our seaports, said that this agreement will ruin Halifax, Saint John, Quebec and Montreal. We know well that under the most favoured nation treatment they can bring goods in from such countries through the United States. But our trade with the British empire is not permitted to come through the United States. Then he says that we buy a lot from the United States and they buy little from us, per capita. I have never heard that you count people in business; it seems to me that the size of the invoice is what counts. The amount of goods we sell them would be a fairer way to consider the matter; the balance of trade is what counts. They have 127,000,000 people as potential customers for this country. They are adjacent to Canada and their standard of living is high. With such a great potential market I say that if we are aggressive and efficient and adopt the slogan "wake up, Canada," we can so increase the trade of this country that there will be practically no unemployment.

Queens-Lunenburg in Nova Scotia, the riding I represent, is an important fishing centre; it is probably the greatest fishing county in Canada. It is a great maritime county, and has also its share of manufacturing. My criticism of the agreement would be that it does not go far enough; I should like to see

it go much further. I frankly admit that I am disappointed in the provisions affecting the fish of the cod family; I am sorry they are not included in the agreement. I can quite understand why trade in fresh fish might be objectionable to the Gloucester fishermen, but when it comes to salt fish they are not to any extent producers. It seems to me some effort should be made whereby our salt fish would find a better market in the United States, including Porto Rico.

Then, there was a reduction in the duty on halibut, and we hope that the reduction will bring about a greater trade in that commodity. There is a reference to swordfish. May I say that swordfish are caught chiefly off the east coast of Nova Scotia, and many of our Lunenburg fishermen with the larger boats spend the summer swordfishing. I believe most of the swordfish shipped to the United States are caught by fishermen from my county. I trust that the lowering of duty may help them in their business, and that this change may be only a start towards what might be done in the future.

We find that lobsters remain on the free list. Lobster fishing is still the greatest item of the fishing industry in the province of Nova Scotia, and while there may have been no immediate danger of a duty on lobsters, in these days of tariff wars it is hard to tell what may happen. Let me inform the house that only a few months ago, after the agreement was made, the duty on frozen swordfish, which are not included in the terms of the agreement, was raised to three cents, and I am told that change was made because there was a desire to prevent frozen swordfish from Japan from entering the United States. This example will serve to show the hazard which exists even to our free goods, if the policy of high protection is followed. I say it was a splendid achievement to remove that hazard.

The same could be said about paper. In Queens county, part of the constituency I have the honour to represent, is situated the Mersey Pulp and Paper Company. I believe this is the only paper company in Nova Scotia, and I am informed that it employs over six hundred men. To a great extent they conduct an export trade, and they have two steamers running to New York. Their business has been stabilized so that they may make commitments and know that they will be able to carry them out. They may approach the financiers of the country and say, "Our business is stable and a market is guaranteed by the government for the next few years." They are placed in an enviable position.

[Mr. Kinley.]

With regard to lumber may I say that the provisions of the agreement will improve the lumber business in Nova Scotia. We know that in the winter the farmers' sons desire to go to the woods and earn some cash money, as they call it. The agreement offers the opportunity they have been seeking, and a greater trade in lumber will immediately be reflected in the prosperity of the farmers in my county.

The same observations apply to cattle. Only a few days ago, while on my way to Ottawa, I stopped at the station and saw herds of cattle being put into box cars. I said, "This has not happened for years; what is going on"? The reply was "They are buying Lunenburg oxen and sending them to the United States. We believe they are going to use them in the lumber woods this winter." That is a splendid improvement, and it is a help to the cattle raising industry.

We find that the duties on vegetables have been lowered. My constituents sell turnips in the United States, and I believe that in that regard the farmers will derive benefit. Undoubtedly the export market controls the home market of the country, because that export market absorbs the surplus production. If we have an overabundance on the home market, prices become depressed, but if the surplus can be disposed of, if it can be sent to a foreign market, conditions at home are stabilized. Under those circumstances prices are better at home, and everybody feels better about it. After all the export market is the controlling factor of all business enterprises, and especially is that true of our primary industries.

Foreign trade is the emblem of the efficiency of our people. We can sell to one another at home, and may continue for a long time selling to each other in an inefficient manner or in a manner that is not quite up to the mark, but when we enter the foreign market, if we are to compete successfully with other countries, we must be efficient. There is no finer evidence of the efficiency of a people than the fact that they can enter a foreign market and place their goods therein in competition with the rest of the world. An ambition to do a great foreign trade is a worthy one. We know that in the past all great countries have had extensive foreign trade, and we find our greatest example in the mother country.

The leader of the opposition said, "Oh, but Canadians can bring back $100 worth of goods when returning from Boston or other points in the United States, and that is bad." Well, I would remind the right

hon. gentleman that there are 127,000,000 people in the United States who can take our goods back to their country, whereas only 11,000,000 can bring them back into Canada. I will tell the right hon. gentleman that it will give decent citizens a chance to be honest. Goods are coming in now anyway, and I must say that in the province of Nova Scotia we appreciate this provision. After all, not one dollar's worth will come in from the United States by reason of the agreement unless some citizen feels that he would derive advantage or that his family would be benefited by bringing in goods bought in the United States. That is the idea behind this feature of the trade agreement. The principle behind trade agreements is to give the special privilege of dealing with other countries, and to give our citizens the opportunity to buy where it can be done most effectively and advantageously.

Some have said that people in the United States were anxious to have coal on the free list in Canada. We know that under the British empire agreements anthracite coal is free. In Canada we have long winters during which we must keep warm, and coal is expensive. It seems to me that if we could have traded fish for anthracite coal nobody would have been hurt. I am told however that because coal is on the free list in the British empire agreement, in order to maintain a proper ratio between the two agreements it was impossible to change the arrangements in connection with coal from the United States. For many years coal entered Canada free. I do not think the entrance of American anthracite coal would present any great competition with coal produced in Canada.

As I said before, if I have any criticism of the agreement it would be that I should like to have seen something more done in connection with the marketing of fish. However we must not criticize an agreement for what is not in it; we must be satisfied with what is in it. I hope that good will developed in the future will bring about further reductions in duties and advantages in trade which our people in the maritimes may enjoy. We wish to trade with the 127,000,000 people in the United States; if we could do that in fish we would not be coming to the government asking for help, and there would be no depression in the constituency I represent.

The other day the right hon. leader of the opposition said: I stand for Canada, and I reject this agreement because it interferes with the rights of Canada. But he was not thinking of the rights of Canada when he made the empire shipping agreement, whereby the sailors of this country were put in a class along with sailors from all other parts of the world. I regard that merchant shipping agreement, Mr. Speaker, as against the interests of the maritime people of this country, and I would like to know if it was a factor in making it easier to bring about the empire trade agreements. There is sometimes more money in carrying goods than in selling them, when you take into account the insurance and the other costs of transportation. With the Canadian manufacturer making all kinds of protests against a lowering of the tariff on his products, you can well see, sir, how it came about that the rights of the sailors down by the sea were sacrificed in the interests of the people of upper Canada who wanted higher tariffs.

I regard this trade agreement as a step in the right direction, and I hope that we shall go still further in the same direction. The leader of the opposition himself indicated how inequalities in the working out of the agreement could be corrected, by the raising of the intermediate tariff if and when that should become necessary, and I am sure that the prime minister will take him at his word if the agreement is found to work any injustice. I am confident that the government will use the power they have in their hands for the benefit of this country.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, there are times in the life of a person and in the life of a nation when there are unmistakable signs of rejoicing, and one of such times came last fall when it was announced throughout the country that the government intended to bring about a trade agreement between Canada and the United States. I believe I am voicing the sentiments of the people of my constituency, if not of the whole of Canada, when I say that every citizen who has studied the question must realize the wonderful benefits that will come, not so much from reciprocity, but from freer trade between the great neighbouring nation to the south and this dominion. There is nothing clearer than that, and I believe the leader of the opposition (Mr. Bennett) might well take some of the credit of the agreement to himself, but sometimes man and nature are incomprehensible to the ordinary man. For me it is hard to comprehend the attitude of the leader of the opposition to-day when during the last election everybody was under the impression that not only the Liberal party but the Conservative party was in favour of freer trade between Canada and the United States.

Before I proceed further I want to compliment most sincerely the Prime Minister (Mr. Mackenzie King) upon the wonderful work he has done in bringing about this agreement and upon the splendid presentation of the case which he made to the house only a few days ago. We now hear coming back to this house the echoes of the voice of the Canadian people. A voice heard throughout the length and breadth of this land in favour of the freer trade policies inaugurated in this agreement between Canada and the United States.

Freer trade between Canada and the United States is not a new question; it is an old one. It has been advocated in our national life for the last seventy-five years. I am sure that everyone who has read Canadian history must be fully seized of this fact, that every time we had freer trade with the United States we had prosperity in this country. Every student of our history knows that prior to 1846, before the repeal of the corn laws in Great Britain, we had great prosperity in Canada because we were allowed to buy American wheat, grind it into flour in this country and ship it to Great Britain, paying practically no duty at all. Then in 1846 Great Britain repealed her corn laws, and that was the beginning of a period of misery and depression for Canada. There followed in this country an agitation deeper than that of 1837. We all remember reading in our history books of the burning of the parliament building in Montreal, and, unlike the previous insurrection of 1837, it was not burned by French Canadians but by people of British descent. One of the leaders in that movement was J. J. Abbott, who afterwards became Prime Minister of Canada. There was talk at that time of annexation to the United States, and a good many of our Canadians had to go to the United States to seek work. Anyone who reads our history cannot escape the conclusion that freer trade between the two countries has always brought a period of greater prosperity for the United States and Canada.

We also remember the depression which this country suffered when Great Britain imposed upon us certain laws that struck at shipping on the St. Lawrence river. Again an agitation followed for a number of years, and then in 1856 our trade recovered when the United States allowed us freer access to their market. I repeat, Mr. Speaker, that anyone, be he Liberal or Conservative, who reads our history with an open mind, cannot escape the conclusion that in those periods when we had freer trade between Canada and the United States we had a period of greater prosperity.

In 1866 the freer trade agreement that we had with the United States was abrogated because, I believe, the American people thought that we were in sympathy with the south, and again we had hard times in Canada. Again the question of freer trade was revived, and an agitation was carried on for a number of years, eventually coming to a head in 1911, when Mr. Fielding brought down his reciprocity agreement in the House of Commons.

I was living in the suburbs of Montreal at that time, and I vividly remember reading in the press of Montreal a report of what happened in the House of Commons when Mr. Fielding brought down his trade agreement and on the floor of the house enumerated the different items shortly before the general election of that year. I remember reading of the cheers that came not only from the Liberal but from the Conservative benches. The two major parties then—and I believe there were only two parties at that time—were absolutely in agreement in thinking that freer trade would be advantageous to both countries. In the discussion that followed I remember that when one Conservative asked Mr. Fielding what he would do about American wheat, he replied that it would be put on the free list, and there was applause from all sections of the House of Commons. But unfortunately for Canada and the United States —that agreeement did not go through—and it must be remembered, Mr. Speaker, that no trade agreement can operate to the exclusive benefit of one country alone. Some indiscretion was committed either by Mr. Champ Clark or by Mr. Taft, and in the election campaign the Conservatives fought against the trade agreement. They must have long since deplored their action, realizing that they had not been fair to their own country and to the great leader of the Liberal party, Sir Wilfrid Laurier.

It is all very well for the leader of the opposition to say to-day that the reciprocity pact of 1911 was defeated by the electorate, but I say no, Mr. Speaker, the electors in 1911 did not have a chance to get a clear vision of what the reciprocity pact meant. Those who come from Quebec will remember what happened in that province in 1911. There was no discussion of the reciprocity pact. Instead, the Conservative party was accusing the then Prime Minister, Sir Wilfrid Laurier, of being untrue to the British connection in regard to the naval bill. We all remember that vividly. The Conservative party knew that the reciprocity pact would be a good thing for Canada, but the accusation was made that

we were being sold to the United States. We should remember matters like this when we are discussing this resolution.

I think it was a good thing for Canada when on October 14 last the people spoke so distinctly. The decision was in favour of this pact and politics should not be instilled into the matter. When the people of Canada went to the polls they were satisfied that all parties were in full agreement that we needed freer trade with the United States. There is no avoiding the fact that the verdict of the people was clear. I do not believe the Conservative party is being true to its principles. When we go back into history we find that whenever they were on the government side they were in favour of a reciprocity agreement and freer trade with the United States. Along with the great majority of the Canadian people I find it hard to make that fine distinction made by the leader of the opposition and some of his supporters, that the Liberal party is not playing fair with the country. As the Minister of Finance (Mr. Dunning) said so well yesterday, no Liberal or anybody else in this country has to take a back seat to any Conservative. Our loyalty to Canada and to the British empire is much greater than mere treaties. That loyalty is what we carry in our souls and in our hearts. I am glad that for four years our Conservative friends will not have an opportunity of again raising the old bogey, of again poisoning the minds of the Canadian people by trying to make them believe that the Liberal party is ready to sell this country body and soul to the United States.

We are fortunate in being a neighbour of the United States. I do not doubt for a single moment that Australia would pay much for similar access to the American market to that which we have. I do not think the leader of the opposition is really sincere when he pictures the United States as being a monster ready to devour every little Canadian. Surely he must realize that the matter was one of bargaining and of playing fair. I could go into the elections of 1911 in greater detail, but I shall not take up the time of the house. In making the references I do I am speaking not as a Liberal only, but as a Canadian. Only a few months before the elections the Conservatives in the house were pounding their desks with both hands when Mr. Fielding announced a reciprocity pact between the two nations. It must be admitted that the Americans were partly to blame for what happened afterwards.

Every hon. member remembers the Wilson-Underwood tariff which gave access to the primary products of Canada to the American market. Prosperity reigned in this country. Then that tariff was withdrawn to be replaced with the Fordney-McCumber tariff. I could never understand why this tariff was put into effect in view of the great benefits which had been derived by both countries from the Wilson-Underwood tariff. Then I was dumbfounded and astonished later on when the Hawley-Smoot tariff was put into effect. This tariff was put into effect at a time when Canada was buying millions and millions of dollars' worth of goods from the United States. Even the American people found fault with the Hawley-Smoot tariff and I do not believe they were wholly behind it. Many of them realized that it was unfair, not only to Canada but also to the United States. Nearly 500 newspapers in the United States have spoken against this tariff, and I should like to give one or two quotations to show the feeling in that country. The first article is headed, "A Dangerous Tariff" and is from the Phoenix, Arizona, Republican, an independent progressive paper. It reads:

> If the advocates of general upward revision could have their way we should shortly be commercially isolated. The exports of the United States have come vastly to exceed our imports. Our markets have been extended and enlarged throughout the world, and to hold them we must maintain a friendly commercial attitude towards those whose business we enjoy. Otherwise not only we may, but we almost certainly would, provoke the retaliatory tariff legislation which would drive us out of many of our markets.

The next quotation is from the Columbus Despatch. It is headed, "An Example of Greed," and reads:

> The Hawley bill more than neutralizes its farm increases by heavy increases on many articles of which the farmers are almost universally buyers, not producers and sellers. Building materials, shoes, leather and harness are examples.
>
> The bill is one of the most striking examples of tariff boosting greed in all our tariff history and threatens a harmful interruption of world commerce, and business in general, unless saner counsels prevail before it is finally passed. President Hoover was right in advising only limited revision.

Perhaps this is why the nations of the world are beginning to realize that intensive nationalism does not pay. This principle which applies to Canada, applies just as forcibly to the United States. I can remember reading statements by great American writers to the effect that the United States could live within itself; that it was such a wonderful unit with such climatic conditions and everything else that it did not need any export

trade. I believe that country has paid dearly for that philosophy. This applies equally to Canada.

I come from a section of Canada which is always penalized by tariffs. Northern Ontario is a producer of primary products which must find an outside market. At Iroquois Falls is one of the largest newsprint mills in Canada, large enough to supply the newsprint requirements of this country. A few moments ago the hon. member for Lanark (Mr Thompson) was saying that we should deal only within the British empire, but for his information I would tell him that the only market for newsprint is in the United States. It is all very well for hon. members opposite to refer to industries in their constituencies employing 100 or 500 men; this mill at Iroquois Falls employs 3,000 men in the mill alone, while thousands of men are employed in the fruitful occupations of lumbering, driving and so on. Yet our Conservative friends want to check any trade we have with the United States.

It was a wonderful sight five years ago to see going from the town of Iroquois Falls trainloads of newsprint manufactured on this side of the border. And where did that newsprint go? It was not manufactured for the Canadian market, which was saturated; nor was it manufactured for Great Britain. By the way I shall always be in favour of trade with the mother country; indeed, I am in favour of the British preference, because I believe it was the most wonderful thing we ever had between the two countries, Canada and Great Britain. But I can tell hon. members that every pound of that newsprint coming from one mill—and there are three in my riding—found its way thirty-six hours later to New York. We were satisfied to get American money in return for that Canadian product, the product of Canadian labour. These are facts which we must always bear in mind.

In our section of the country we are writing Canadian history in large letters. We are developing normally, and I maintain that within twenty years there will be found in northern Quebec and northern Ontario hundreds of thousands of people whom twenty-five years ago we should not have dreamed of having. In our part of Canada we are neither easterners nor westerners. We sympathize with the wheat growers of the prairies and we sympathize equally with the industrialists in the east; but at the same time we do not want to pay through the nose for the sake of supporting some mushroom industry. We are logical enough to realize that sometimes, during the infancy of an industry, a certain amount of protection is needed, but if you have too much protection it defeats its own purpose. I am absolutely in sympathy with the industries I mentioned a few minutes ago, but when we find that we have to pay forty cents a gallon for high test gasoline, then we know there is something wrong somewhere. And let me say that in this matter my sympathy does not extend to people driving motor cars for pleasure; I am thinking more of the farmers and those poorer people who use trucks in order to earn their living. The same applies to many matters I might mention.

We have been lobbied during the present session by some of the fruit and vegetable growers, and my sympathy goes out to them, but it has been too often an excuse for making us pay exorbitant prices in northern Ontario. As I listen to some of the members representing Toronto constituencies I wonder whether their vision ever rises above the horizon of Toronto. Do they ever come to our section and study our problem? We do not want to see them suffer hard times in their industries, but surely in a discussion of this kind it ought to be possible for us all to take the broad national point of view, so that everyone may be prepared to make some sacrifice in order to promote the general well-being. Coming to the question of a seasonal tariff on fruit and vegetables, I am in favour of this to some extent; but so far as our section is concerned, I can say that we have never been able to buy our requirements at reasonable prices during the winter or even in the summer. The only time we have some relief is when they begin to dump commodities from the Niagara peninsula.

I suggest that we should envisage Canada as a whole, concentrating neither on eastern nor on western Canada. There are some other matters I should like to discuss, but I do not think I have the time before six o'clock. I wish, however, to refer to some prophecies made by the hon. member for Dufferin-Simcoe (Mr. Rowe). No doubt he was sincere, and I do not for a moment question his sincerity. But he prophesied that within a few years the people would realize that this trade agreement had not been fair to Canada. I believe it was in 1930 that the hon. gentleman, discussing the New Zealand trade agreement—this was at the time of an election—tried to pit one section of the empire against another. He tried to make out that if we had not bought from New Zealand as much butter as we had, there would have been millions of cows and bulls in Canada. Well, his party

abrogated the New Zealand agreement after the election of 1930 and I have yet to see that wonderful parade of live stock. If the hon. gentleman is as true in his prediction of yesterday as he was in that prophecy, then I am not worrying much about the effect of the present agreement.

The leader of the opposition (Mr. Bennett) also made a statement which seemed to me to be rather far-fetched. At page 622 of Hansard, speaking of the population of Canada and the United States respectively, he put our population at 11,000,000 and that of the United States at 127,000,000, and he observed:

> Ah, more; for we were buying from them $28.86 worth per head during the year before while they were buying from us $2.23 per head.

Surely the leader of the opposition could not have intended to create the impression that for every dollar's worth of goods we buy from the United States they should buy from us the equivalent in ratio. Let us look at the figures for a moment, taking the two respective estimates of population. The ratio of 11,000,000 to 127,000,000 is as 1 to 11$\frac{6}{11}$, and the ratio of buying, $2.23 to $28.86, is as 1 to 13, so that according to the hon. gentleman's argument, if the United States bought from us in the same ratio as we bought from them, they would have to buy $3,665,220,000, or more than we produce. Surely the right hon. gentleman never intended to make that statement unless it was for effect.

I will give the total exports in the year to which the leader of the opposition alluded. In 1932 the total exports were $501,000,000, in round figures, and in 1933 $537,000,000. But under the trade agreement with the United States, the leader of the opposition wants to create the impression that, in order to be fair to Canada, the United States must buy from us at the very least approximately $3,665,000,000 worth of goods.

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

Thursday, March 5, 1936

The house met at three o'clock.

DEBATES COMMITTEE

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the first meeting of the select standing committee on debates took place this morning. It was the first meeting during the last five years. For obvious reasons that standing committee met, but did not sit.

ELECTIONS AND FRANCHISE

FIRST REPORT OF SPECIAL COMMITTEE CONCURRED IN

Mr. C. E. BOTHWELL (Swift Current) presented the first report of the special committee on elections and franchise acts, and moved that the report be concurred in.

Motion agreed to.

PROPOSED STUDY OF METHODS USED TO EFFECT REDISTRIBUTION

Hon. ERNEST LAPOINTE (Minister of Justice) moved:

> That the special committee appointed to study the Dominion Elections Act, 1934, and amendments thereto, and the Dominion Franchise Act, 1934, and amendments thereto, be instructed to study and make report on the methods used to effect a redistribution of electoral districts in Canada and in other countries, and to make suggestions to the house in connection therewith.

He said: When the motion to appoint a committee to consider the elections act and the franchise act was before the house, the hon. member for Portage la Prairie (Mr. Leader) asked whether the committee would deal with the recent redistribution of seats in this house, I replied in the negative. Since then notice of motion has been given to appoint another committee for that purpose. The motion I now present to the house would meet neither the views of the hon. member for Portage la Prairie, nor the object of the resolution on the order paper. Its aim is rather to study, in a strictly non-partisan, non-political way, methods which could be adopted with regard to redistributing seats in Canada when the necessity arises.

When the last redistribution bill was before the house the present Prime Minister (Mr. Mackenzie King) expressed the view that instead of redistribution being proceeded with by a committee of the house, necessarily composed of a majority representing one of the political parties, it ought to be possible to find a way to have this work done by an independent tribunal, either a royal commission or some other board, which would give some guarantee of impartiality. In the end the redistribution was voted by the majority against the protests of the minority in the house, and there has remained in many quarters, I am free to say, a sense of injustice as to what was done in certain parts of the country. This motion would empower the committee to study the methods used in other places situated similarly to our own country. For instance, in the sister dominion of Australia, a growing country in which the population increases from one census to another,

they have a method under which redistribution is brought about by a board composed of three officers, one of whom is the chief electoral officer and another the surveyor general. Their report is submitted to the parliament of Australia, but if the recommendations contained in the report are not considered proper in every respect it is not necessarily adopted. At all events it seems to me that we have here something which ought to appeal to the sense of impartiality of every hon. member. The motion will not commit parliament to anything, it will simply give the committee authority to study the question and to report to the house as to what in the opinion of the committee would be the proper system of redistributing the representation of the House of Commons.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I am not certain that this is not a motion which should be preceded by notice.

Mr. LAPOINTE (Quebec East): It was.

Mr. BENNETT: Oh, I understand. The question which arises on the motion may be said to divide itself into two branches, the first of which is covered by the constitution. Section 51 of the British North America Act reads as follows:

> On the completion of the census in the year one thousand eight hundred and seventy-one, and of each subsequent decennial census, the representation of the four provinces shall be readjusted by such authority, in such manner, and from such time, as the parliament of Canada from time to time provides, subject and according to the following rules:
>
> (1) Quebec shall have the fixed number of sixty-five members:
>
> (2) There shall be assigned to each of the other provinces such a number of members as will bear the same proportion to the number of its population (ascertained at such census) as the number sixty-five bears to the number of the population of Quebec (so ascertained):
>
> (3) In the computation of the number of members for a province a fractional part not exceeding one-half of the whole number requisite for entitling the province to a member shall be disregarded; but a fractional part exceeding one-half of that number shall be equivalent to the whole number:
>
> (4) On any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one-twentieth part or upwards:
>
> (5) Such readjustment shall not take effect until the termination of the then existing parliament.

This section indicates the legal limitations imposed upon parliament in connection with redistribution.

[Mr. Lapointe.]

Mr. MACKENZIE (Vancouver): There is no limitation there.

Mr. BENNETT: There is a very considerable limitation, if the hon. gentleman will permit me to say so. First, there is the limitation as to the number of members to represent Quebec; the number is placed at sixty-five. The second limitation is as to the number of seats that other provinces have with relation to the fixed number of sixty-five, and the other limitation is as to reductions.

To section 51 must be added the provisions contained in the amendment made to the British North America Act in the days of the Borden administration by which no province's representation in the commons is to be diminished below its senatorial representation. Therefore the province of Prince Edward Island, with a population of between 80,000 and 90,000, has four members in the House of Commons, because under the provisions of the agreement under which it entered confederation it has four members in the Senate. Similarly the provinces of New Brunswick and Nova Scotia must have ten members each because they have ten members in the Senate. Therefore there is the limitation imposed by section 51, together with the amendment made to the constitution which provides that the representation of a province in the house shall never be less than its representation in the Senate.

The method by which redistribution is to be done fairly is a matter that has engaged the attention of this house ever since there has been a parliament in Canada. It will be remembered that in 1887 the charge was made that a great deal of gerrymandering took place in the constituencies, and that allegation became a distinct issue in that and succeeding elections. In the redistribution which took place after the census of 1891 there were also complaints, and at a subsequent redistribution an effort was made to do something by setting up a committee of the house composed of members from all parties to bring about a reasonable agreement between the parties. After the census of 1921, agreement which was not complete was arrived at; one might say it was agreement with respect to over ninety per cent of the constituencies. In 1931 there was an agreement at one time, but unfortunately disagreement subsequently arose, so that it could not be said that the committee arrived at any final agreement satisfactory to all parties. The great difficulty in Canada has been that because of the shifting of population from rural to urban communities we have a condition which is a reality and which cannot be dealt with on an equitable basis, as was originally intended by

the constitution. For if you had representation by population, just that and nothing more, the representation from the cities and towns would deprive the rural communities of many of the seats they now have. That difficulty has confronted every parliament which in recent years has had to deal with redistribution. But never was the problem so difficult or the situation so acute as it was after the census of 1931, because for the first time in our history, as I have so frequently pointed out, we had a majority of population in our cities and towns. Therefore the basis or unit of representation in connection with urban seats was made far larger than with respect to rural communities, so that if possible the rural population might have representation in the house practically equivalent to that of the urban portion of the dominion. That has not been easy. It may be that there is some fairer or better method which may be set up, but it must be remembered that after all parliament is a far better tribunal than any commission to determine the basis upon which rural communities shall find representation, and is a better body to be entrusted with the duty of applying the rules of representation in parliament.

If representation by population were obligatory it is quite clear that in this house there would be a diminution of members from rural communities and an increase from the urban centres of Canada. In view of what was said by all hon. members, including the Prime Minister, I believe that is something which would be undesirable at this particular time, having regard to the importance of the basic industry of agriculture in the life of Canada as a whole.

Another point was raised, namely that of representation of the universities. Having regard to the provisions of section 51, as the statute now stands it is quite obvious that such representation would be impossible of accomplishment. There would have to be an amendment to the constitution itself in order to enable us to effect that purpose. There are many other matters which would have to be considered from the constitutional angle, if we were to give effect to some of the views we hold. No matter has been so much discussed by parliaments and legislatures as that of the redistribution at elections. It will be recalled that Gambetta in France had certain well defined views as to the division into electoral districts. At different times in England various views have obtained—the single member constituencies, the double member constituencies, and the question as to whether there might not be grouping of constituencies, giving benefit to all for the purpose of carrying into effect the theories of proportional representation. In this country we have in the main stuck to the practice of the single member constituency, except that there have been certain double member constituencies, which in many cases have lost their members by reason of diminishing population. No harm can come from a discussion of the matter by a committee, but I think the committee should have clearly in mind the limitations imposed upon their activities; for if it is suggested that a new redistribution could be introduced and carried through this parliament, insuperable difficulties will be found in section 51. On the other hand, I do not think even the most violent partisan will suggest that the last redistribution resulted in any advantage to the party then in power. Under the circumstances it might well serve a useful purpose for the discussion to take place, because it is as old as representative institutions themselves and will continue long after we have concluded our discussions with respect to it. If it results in any advantage to air views that have been held from time to time and to take from books and papers the story of representation and redistribution—because you cannot bring witnesses here from France and continental Europe to tell us how they do it—and to have all that put in a report of a committee rather than have it available to us in the volumes from which it is taken, I have no objection, but I cannot see that it is going to serve any very useful purpose.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to make one or two comments, Mr. Speaker, on this proposal. The leader of the opposition (Mr. Bennett) has suggested that there are very decided legal limitations upon what this committee can do, but it does seem to me, now that amendments to the British North America Act are being considered, it is quite possible that this committee might suggest certain amendments to that act, if indeed specific amendments are being considered. I cannot see why, for instance, because Prince Edward Island in days gone by had a certain number of members, it should have the same number of members to-day, out of all proportion to its population. I think that the people of the west have the right to be as fully represented as the people of Prince Edward Island. It is all very well to hold to certain historical traditions, but it is much more important to meet the needs of the present day.

The suggestion has been made that there might be some representation for the universities, because that has been the practice, I

think, in England; but I would point out, Mr. Speaker, that there are certain groups in this country that need representation much more than the universities. I think of one class in the province of Alberta, for example, where there is a large number of miners scattered through some six or seven federal constituencies that are predominantly rural in character. The leader of the opposition suggests that the farmers, representing a primary industry, should be adequately represented. Well, what of the miners? It is almost impossible for them as a group to be represented under present conditions with small mining areas scattered through predominantly rural districts. If any group is to be given representation it ought to be some of these groups that are at present unrepresented. And again, I think of the large number of people engaged in construction work, scattered all over this country in small areas or along the railway lines, and of those engaged in the lumber camps. They are amongst the most needy of our population, yet in practice they lack direct representation. We have again and again urged that they be given greater facilities for exercising their franchise, but even if they were given that, it is very difficult for them to secure direct representation in this house. I hope when the committee is making its investigations it will not fail to remember some of these more or less neglected groups.

There is one other thing I should like to mention, and that is the necessity in any system of redistribution of a distinction being drawn between the people residing in urban and suburban communities, and people living in the country. Instead of making that distinction we have frequently split the urban population in two and added to each half a section of the surrounding country population. That may have been very desirable in some instances, from the standpoint of party politics, but I suggest that it does not contribute to the general welfare. The farmers have their own special problems, and it seems to me that the redistribution ought to be arranged so that they will have distinct representation. On the other hand, the people living in the cities and in the vicinity of cities really constitute a more or less unified community, and ought to be given representation as a city group.

Mr. WERMENLINGER: According to population?

Mr. WOODSWORTH: According to population. I am suggesting that at present the urban and rural groups are split up and combined in the most astonishing ways. If this committee would give attention to some of these considerations I think we might evolve an altogether new system that would reflect more adequately the needs of the people.

Right Hon. Sir GEORGE PERLEY (Argenteuil): Mr. Speaker, with respect to the question of notice, I quite agree with my hon. friend the Minister of Justice (Mr. Lapointe) that notice appears on the votes and proceedings of last Tuesday, but it has always been usual, as I understand it, to have the notice appear also on the order paper, and it is not on the order paper to-day. I do not know whether it was left off inadvertently. I have seen some of these notices put at the very first of the order paper when they were of a different category from the usual government notices. However, that is a matter of detail at the moment, and does not make any particular difference.

I should like to suggest to the Minister of Justice that the two matters which this committee was set up to consider are the Dominion Elections Act and the Dominion Franchise Act. It was stated by the minister in the house the other day, and quite properly —I entirely agree with him—that it was better to have these questions settled early in the life of a parliament rather than close to the time of an election. Both of these matters which the committee is going to consider are extremely important. Many things occurred during the last election to show that there were faults in both these acts. Some of them were perhaps not important, although other hon. members may not agree. At any rate those are very difficult matters for the committee to consider; they are of great importance. It will take the committee a long time, and it is right that this should be done early in the life of this parliament. But I submit to my hon. friend that this other subject which he now proposes to add to the duties of this committee is one about which there is no need for hurry. The next census will not be taken until 1941; by that time this parliament will have disappeared and a new one will have been elected, and all that will take place before there can be another redistribution. I feel quite strongly that the duties already imposed on this committee are serious enough, and that the committee should not be embarrassed by having this further subject thrust upon it. It is a different matter altogether; there is no occasion for haste in dealing with it, and I submit for the consideration of the minister and of the government that they should not add this new

subject to the duties of the committee. If they desire to have it discussed, that can be done in the years to come, with plenty of time to spare. I feel quite strongly that it is a mistake to add this subject as an afterthought, to the committee's duties, which are already of very great importance, embracing two very difficult questions.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, may I say in answer to my right hon. friend who has just spoken (Sir George Perley) that consideration of the matter referred to in this motion is certainly germane to the two other matters which have been referred to this committee. Indeed, proportional representation is mentioned specifically in the reference to the committee for consideration. Any scheme of proportional representation would involve, of necessity, a redistribution of the seats as they are now constituted. Apart from all this, the resolution is general in its character. What is proposed is that the committee shall consider the methods which might be used to effect a redistribution of the electoral districts in Canada and other countries and make suggestions to the house. That does not necessarily mean that there will be an immediate redistribution, it will be a suggestion of what such redistribution should be when the time comes.

I do not agree with my right hon. friend the leader of the opposition (Mr. Bennett) when he says that parliament cannot at this time, or prior to a new census being taken, deal with the redistribution of seats. Section 51 of the British North America Act provides that after the completion of a census "the representation of the four provinces shall be readjusted by such authority, in such manner, and from such time, as the parliament of Canada from time to time provides," subject to Quebec having sixty-five members and the other provinces a proportionate number according to what their population may be as compared with the population of Quebec. This section of the British North America Act requires that after every census there shall be an allocation of the number of members for each province, but it does not mean that parliament is prevented from changing the limits of the constituencies provided the number of members allocated is retained. I have not the book before me, but I remember having studied this matter two or three years ago. Lefroy, an authority on the Canadian constitution, states what I have just stated, that while parliament cannot change the number of members allocated to each province, after a census, parliament has authority to change the lines of the constituencies at any time provided the number of members is not changed. However, as I have said, while that may be done, this motion will not necessarily lead to that procedure. This is merely suggesting that consideration be given to the best methods of having a fair and just redistribution when the time comes that it should be made.

With regard to the last words of my right hon. friend the leader of the opposition, and following the same trend of argument, may I say that possibly the results of the election were not due to the redistribution but were in spite of it.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ROYAL CANADIAN MOUNTED POLICE

Mr. REID:

1. Is any financial assistance provided by the dominion government to the sons and daughters of officials or officers of the Royal Canadian Mounted Police for high school or any other form of education?

2. If so, what sums of money were provided by the government for such purposes and to what persons was this money paid during the calendar years 1932 to 1935?

Mr. LAPOINTE (Quebec East):

1. No.

(a) Special training for sub-constables in clerical duties in connection with police work has been given at Regina, Saskatchewan, since June, 1934, and out of a total of 43 who have received this special training, ten have been sons of members of the force.

(b) In addition to the above, five other members of the force (one of whom is the son of an officer, Constable J. MacBrien) are being given courses in law at five different universities of Canada. The only financial assistance given is an allowance of 50 cents per diem each.

(b) (i) There is need of having members of the Royal Canadian Mounted Police, who are experienced in police duties, trained in law. This is being done at Scotland Yard through the employment of special officers in the Criminal Investigation Branch and at the Bureau of Investigation, Department of Justice, Washington, U.S.A. In the latter case, no candidate is accepted for service unless he is a graduate in law or is a chartered accountant.

(c) No daughters of officials or officers of the Royal Canadian Mounted Police have

been given financial assistance for high school or any other form of education.

2. Answered by No. 1.

HALLONQUIST, SASK., POSTMASTER

Mr. COLDWELL:

1. What is the annual salary of the postmaster at Hallonquist, Saskatchewan?
2. What commission was paid from sale of postage stamps, money orders, postal notes, etc., for the past fiscal year?
3. What allowance is made for carrying the mail between the post office and the station?
4. How is the latter amount arrived at?
5. Is the basis the same in all cases?
6. If not, what other basis is used?

Mr. ELLIOTT (Middlesex):

1. The postmaster is paid a yearly commission based on the revenue of his office for the preceding fiscal year. The revenue is derived from postage sales and money order commissions.

2. Commissions paid to the postmaster for the fiscal year 1934-35:

Postage commission..	$243 42
Money order commission.. ..	32 56
Postal note commission.. ..	2 30
	$278 28
Rent allowance..	20 47
Total..	$298 75

3. 40 cents per trip.
4. By public tender.
5. No.
6. Annual, poundage or mileage.

FISH CULTURE

Mr. NEILL:

What is the total amount spent year by year for the last fifteen years on fish cultural work in (a) Canada; (b) British Columbia?

Mr. MICHAUD:

	(a) Canada	(b) British Columbia
1920-21..	$364,789 43	$130,421 69
1921-22..	362,636 93	134,628 71
1922-23..	332,329 98	113,437 53
1923-24..	350,487 34	121,182 83
1924-25..	346,997 66	124,025 49
1925-26..	327,882 78	114,827 77
1926-27..	257,645 44	108,987 77
1927-28..	349,141 63	112,532 65
1928-29..	434,471 58	123,217 69
1929-30..	361,165 09	117,203 43
1930-31..	322,586 01	132,698 37
1931-32..	271,159 98	121,462 74
1932-33..	230,784 68	104,737 99
1933-34..	205,682 84	95,785 69
1934-35..	210,816 01	94,084 72

[Mr. Lapointe.]

VETCRAFT SHOPS

On the orders of the day:

Mr. H. E. WILTON (Hamilton West): Mr. Speaker, I should like to inquire of the Minister of Pensions and National Health (Mr. Power) whether there is any possibility of the vetcraft shop which was recently closed at Hamilton being reopened.

Hon. C. G. POWER (Minister of Pensions and National Health): Mr. Speaker, the hon. member was good enough to give me notice of his question. In reply I would say that the vetcraft shop was closed on March 1, and will not be reopened. Within a few months the district office of the department will be removed to the new government building and there is no accommodation in that building for a vetcraft shop. These shops were started originally for the purpose of training men in civilian occupations. It was anticipated that the training given would enable partially disabled ex-soldiers to obtain ordinary employment. However, it has been found during recent years that many of those who obtained employment in these shops did not leave. As there has not been any substantial change in the personnel for some time, it would appear that the object for which these shops were originally instituted has not been achieved. There were some eighteen men employed in the shop at Hamilton, receiving something like thirty-five cents per hour, the prevailing rate of wages. Each one of these men cost the country approximately $33 to $35 per month, and it has been felt that such men were receiving a preference over other returned soldiers. The men employed in any shop which may be closed will fall into the same category as other ex-soldiers. If they are pensioners drawing small pensions they will be entitled to relief.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed from Wednesday, March 4, consideration of the motion of Mr. Mackenzie King:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty's government in the Dominion of Canada and the government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. J. A. BRADETTE (Cochrane): Yesterday afternoon when discussing this resolution I expressed the sentiments of the people I

have the honour to represent. I said that during the last election all parties in Canada were perfectly satisfied that the then administration had been trying to effect an agreement with the United States and also that the Liberal party, if it were returned to power, would do its very best to bring about an agreement such as the one now under consideration. I said further that a good many sections of the population were astonished at the attitude taken by the present leader of the opposition (Mr. Bennett). I made that statement for this reason. I well remember that during the last session the then Minister of Finance made a statement in the house to the effect that the great Conservative party had always been in favour of reciprocity or of freer trade with the United States. I have received several communications from people in my own constituency, supporters of the Conservative party, for whose opinions I have always had the greatest respect, expressing their failure to understand the attitude of the leader of the opposition to this particular question.

Yesterday I said that in our part of Canada the people were absolutely impartial so far as the tariff was concerned, but I added that any tariff that raised an artificial barrier in the way of exports from a country such as Canada, which is always on an exporting basis, would certainly put a burden on the shoulders of the people I represent; and that applies to every section of northern Ontario. I also mentioned, so as to be fair, the benefits enjoyed by the newsprint industry. I listened attentively to the remarks of the hon. member for Lanark (Mr. Thompson), particularly when he said that he was content to deal with nations within the British empire, and I pointed out to the hon. gentleman that it was not possible to sell to Great Britain a single pound of the product of the newsprint industry. The natural, the only market we have now or have ever had in the past is the United States.

Mr. BENNETT: The hon. gentleman is not correct. The Standard and the Express are very large users of Canadian newsprint.

Mr. BRADETTE: I did not quite hear what the right hon. gentleman said.

Mr. BENNETT: The hon. gentleman is inadvertently incorrect. The Daily Standard and the Daily Express of London, England, are both printed on Canadian newsprint.

Mr. BRADETTE: Well, no one will deny that the great bulk of the product goes to the United States. There was a time when we believed that we were supreme in that industry, by reason of our access and close proximity to the American market; but anyone who has studied the industry will find that in the last five years we have been faced with keen competition from the Scandinavian countries and from Germany. Sweden is advancing every year with a greater and greater average of production to compete with our Canadian newsprint. One realizes, in this connection, the great change that has taken place through the development of transportation, in the use of motor vehicles and in other ways, throughout the civilized world, so that so far as distance is concerned the world is really getting smaller and smaller; the old channels of trade, which were tedious and involved delays, no longer exist. These are facts to be remembered.

In our section we are primary producers and our surplus must necessarily find its way to the world's markets. I will not repeat what I said yesterday with regard to the tariff on fruit and vegetables. It is sufficient to say that in our part of the country we have been greatly penalized by the application of the so-called seasonal tariff, and I fervently hope that the Department of National Revenue will take steps to ensure that our people in that section will be able to buy these necessities at reasonable prices. I hope they will get fair treatment.

I have no doubt that every member has been lobbied with regard to Canadian magazines and periodicals, and again the bogey has been raised, that unless we erect artificial barriers to keep out such publications from other countries our Canadian mentality will be impaired. Any such statement is obviously far-fetched. There is one thing I implicitly believe in and that is the importance of education and the mental development of the people, and I submit that no obstacle should be placed in the way of this development. For a number of years prior to the imposition of duties on United States and other foreign publications I used to subscribe to the Literary Digest, a non-partisan publication which gives an unbiased view of all questions pertaining not only to the United States but to the world at large. After the duties were imposed however I found that I had not the means of securing that and other magazines. I am quite prepared to patronize Canadian magazines and periodicals; they are well written and well worth reading. But surely our loyalty to Canadian principles and ideals does not involve the audacity of prohibiting the people from reading American publications. I do agree that certain types of United States newspapers which are antagonistic to the British empire, and certain fiction magazines, should be

absolutely prohibited; but those that treat of scientific matters, those that discuss international questions, should be allowed access to Canada. Surely our Canadian magazine publishers must have a certain market in the United States in respect of which there could be reciprocal literary exchanges. At any rate, personally I will not put any restrictions on learning and intellectual development.

I know that the hon. member for Kootenay East (Mr. Stevens) will give me credit for sincerity when I compliment him on what he said the other day, and I believe he was but saying what the majority of Canadians think when they take the trouble to study the problem with which we are dealing at the present time. It is always very easy, in discussing a matter such as this, to raise bogies to scare the people, ignoring the fact that we are dealing with economic and commercial problems, for the purpose of making nationalistic and political capital. We have suffered from that sort of thing in the past. Experience has shown that freer trade between Canada and the United States, to the extent that it has been tried, has been beneficial to both countries. It is during such periods that we have enjoyed our largest share of prosperity. I do not go so far as to say that it is a formula for the solution of all our problems; our problems are not so easily solved. But inasmuch as we are an exporting country, I regard it as one of the best means of solving to a large extent our present unemployment problem.

I should like to quote two or three sentences from the speech of the hon. member for East Kootenay. At page 724 he is reported as having said:

> Let us look for a moment at the agreement. The agreement is, as I have said, a step or a gesture in the right direction.

This is absolutely true; no one even on the government side will dare to say that this agreement is perfect. It would not need to be amended from day to day or month to month, though perhaps it would from year to year. Later on at page 725 the hon. member has this to say:

> There are bound to be some cases where there appears to be an injury, but what I would suggest is that we wait for a time and see whether these imagined injuries are real.

I have no doubt that there is no person on this side of the house who would like to see any of our industries in rural sections of the country markedly injured by the present treaty with the United States. The same applies to all our social and economic and industrial and farm activities. At the same time, as was stated by the hon. member for Kootenay East, there is no doubt that in some sections a certain amount of sacrifice must be made for the benefit of the whole. Later on the hon. member says:

> In the first place I want to say that this treaty is good because the motive and intention behind it are good, and I think it should be supported because the motive and intention are good. There is a spirit of good will in the treaty which ought to be and I am sure is welcomed by both countries.

I hold no brief and have no right to speak for the Conservative party, but it will be a wonderful gesture at this time if the grand old Conservative party will see their way to support the treaty, will recognize the good that is in it, and will help the government in all necessary amendments.

I am very glad of this situation, Mr. Speaker, that for the next four or five years we may not have to hold an election in this country. I mention that point because it means that for four or five years at least there are not going to be raised the great questions with which we were confronted in the past when dealing with reciprocity pacts. We are going to apply the principle of this treaty—

Mr. SPEAKER: I regret to inform the hon. member that his time has expired.

Mr. BRADETTE: If you will allow me, sir, I will make one more observation. I think I have lost about eight minutes, but I accept at once the ruling of the chair. It is certain that in this question there are forces, stronger than politics or mere national selfishness and premeditated misrepresentation, which will keep alive the determination of the two nations to engage in profitable trade.

Mr. H. E. WILTON (Hamilton West): In coming up to the parliament buildings this morning I could not but be impressed by the beautiful sunshine of the morning and the evidence of the return of dead nature back to life. It should inspire all of us to higher thoughts; we should all be feeling in the best of condition to-day due to the improved condition of the weather. I could not but be impressed also by the seriousness of the fact that two great political parties such as the Liberal and Conservative parties cannot agree on a subject so vitally important to the whole of Canada.

Some hon. MEMBERS: Hear, hear.

Mr. WILTON: My friends on the opposite side echo that sentiment. But I am sorry to tell them, and I say it honestly, that I cannot feel they are on the right side on this question. I assure them, and in this I in-

clude the right hon. Prime Minister (Mr. Mackenzie King), that I should welcome an opportunity before the close of this parliamentary session to find myself in accord with them upon some measure brought down by the government, if for no other reason than to prove my good will towards them and my determination always to put principle ahead of politics.

I once heard a man say, addressing an audience composed almost equally of Canadians and of Americans, "I hope the time is not far distant when the same flag will be waving over both countries, Canada and the United States." Immediately there was loud applause by the Americans present. As soon as the speaker had succeeded in quieting the enthusiasm of the Americans he explained, "I hope you won't misunderstand me; I mean the Canadian flag." Then there was some applause by the Canadians. I am a Canadian. I was born in Canada. My parents were born in Canada. My grandparents were British; they did not come over to this country on the Mayflower, but they were on the dock to meet it when it came in.

Canada is a great country, and it is the duty of this government to see that nothing is done to block or dwarf its progress. Hamilton, the city I have the honour to represent, has a tributary trade territory of 400,000 people and a population of 150,000, and its manufacturing industries give employment to over 30,000 people. As a citizen of that great city I am interested in its future, and I am opposing this agreement because I see in it closed factories, unemployed men and women, and the breaking down of our commercial, industrial and social development.

The hon. member for Medicine Hat (Mr. Mitchell) speaking in support of this agreement the other day, said he was pleased to know it would make it possible for the people of his constituency to do their shopping in the United States. I wonder if he would have them spend their cash in the United States and, when they ran out of cash, get social credit in Canada. Isn't that a grand example of Canadian loyalty?

I am proud, as I said, to be a Canadian, proud of my British heritage, and proud that I am opposed to anything and everything which tends to affect adversely the best interests of Canada. In this agreement between Canada and the United States I see a real menace to Canadian progress, and I feel that I would be untrue to my duty as a Canadian did I not oppose it. I have heard the word "detour" defined as going the wrong way to get to the right place. I am sure that since I came to this house I have walked at least a hundred miles up and down its long marble corridors in my daily efforts to find the right place. In opposing this trade agreement, however, I am confident that I am on the right road, even though it is not blocked with traffic.

In a letter I recently received from a friend of mine who resides in the city of Grand Rapids, Michigan, he had the following to say:

> The new trade treaty between Canada and the United States will prove of great benefit to the city of Grand Rapids, which city is known far and near as a great producer of furniture. The furniture manufacturers here anticipate a big increase in production for their Canadian trade, which will mean increased employment for the people of Grand Rapids.

It is only fair to assume that this increased employment for the people of Grand Rapids will mean decreased employment for the people of Canada and the city I represent

Mr. McLEAN (Melfort): Why?

Mr. WILTON: This is a Canadian parliament, sitting here to protect and improve the welfare of Canadians, not to advance at their expense the interests of the United States. I regret that I am obliged to oppose this agreement, because regardless of politics it is my duty as a loyal Canadian, my duty to the electors who sent me here, to vote in favour of any movement which in my opinion is for the betterment of the people of Canada. I have no special privilege to express the will of the party to which I belong, but sir, I do feel that I am voicing the sentiment of every member of this group, so frequently referred to as a small minority, when I say that every last one of them would give his undivided support to this agreement if he felt it was in the best interests of Canada so to do. I hope I shall never become so small-minded as to vote against any progressive measure simply because I am sitting on the opposition benches. I hope the time will never come when I shall have to confess to this house that I sat here for several years sacrificing principle to political influence. I would even go so far as to suggest that it might be a good thing in the interests of all of us to stretch a banner across this chamber bearing the words "Canada first."

I see in this agreement the possibility of the American rather than the Canadian flag floating over Canada.

Mr. McLEAN (Melfort): A queer vision.

Mr. WILTON: One needs vision here No member of this house has a higher respect for the American people than I have. I have flesh and blood connections with the

United States; some who are very near and dear to me are there, but I cannot forget my duty to the land of my birth. In this agreement we are practically presenting Canada to the United States, and getting little in return. Why should Canada give two for one in a trade agreement with the United States, when Canadian products are of greater value to that country than United States products are to Canada?

I heard this morning for the first time this illustration of the policy of the social credit party: a picnic was being held somewhere in the west prior to the elections, and two kegs of beer were ordered to be sent to the picnic grounds. Pat and Mike were sent to take charge of the beer, but during the day it rained and the picnic was called off. Before long Pat became dry and he said to Mike, "I would like a drink." Mike said, "Well, if you want a drink you will have to pay ten cents for it." So Pat paid Mike ten cents for a drink. A little later Mike got dry, and Pat said, "You can't have a drink without paying me ten cents," so he paid Pat back the ten cents he got from him. So it went on during the afternoon until the two kegs of beer were disposed of, and the only money that circulated was the one dime. But the question arises, who is to pay the man who supplied the beer? The question that comes to my mind is, who is going to take care of the thousands of men and women who by this agreement are going to be thrown out of employment?

As a new member of this house, listening to the various speeches I have been frequently reminded of an experience I once had in the Canadian north. I was lost in the bush, and, like the latest musical craze, continued to go round and round. A few days ago much valuable time was taken in debating the problem of unemployment and how to overcome it. To-day we are going in the opposite direction, considering the adoption of a treaty which will add to unemployment rather than decrease it. Again I say I regret that I am obliged to oppose this agreement. I am prepared to admit that it has some good points, but so far as I can see for each of its good points it has two or more which will prove disastrous to Canada. I represent the second largest city in the province of Ontario. It is one of the most progressive cities in Canada, and as an industrial centre is frequently referred to as the Pittsburgh of Canada. It has five hundred or more manufacturing concerns, employing thousands of men and women. Most of these concerns are branches of American companies, forced to locate in Canada and give employment to Canadians by the progressive protective policy of Conservative governments. One of these Hamilton concerns right now is laying men off because the product it produces can under this agreement be manufactured in the company's Chicago plant and delivered to the Canadian west at $8.75 less than the Hamilton plant can make it.

The proposed privilege of allowing Canadians to bring $100 worth of American merchandise into Canada free when returning from a visit to the United States will cost the business men of Canada and of Hamilton millions of dollars.

The most important thing to the progress of Canada, her commercial and industrial interests, is employment for her people. This new treaty will make it unnecessary for American manufacturing concerns to continue doing business in Canada and in Hamilton; consequently thousands of men and women will be thrown out of employment. The situation is a very serious one because it strikes at our very existence. It has been stated already that the greater proportion of Canada's population to-day is in its urban centres. The solution, then, of our financial, social and industrial problems is to be found in increasing rather than decreasing employment. Why is Canada being pointed to by every nation of the world as having led the way out of the darkness of the depression into prosperity? Because of the progressive policy so well and soundly established by the father of confederation, Sir John A. Macdonald, and so well followed since. That is what made Canada great in the eyes of the whole world. That policy is responsible for the fact that the city I represent is in the majority a home owning city. That is the policy which made Hamilton a city of tall factory chimneys, and has filled the workman's dinner pail. Now this protective wall is to be torn down, which will mean closed factories, unemployed men and women, empty dinner pails, empty cupboards and evicted home owners. That is the way I see it, and seeing it that way is it any wonder I oppose this agreement.

I have tried, Mr. Speaker, to keep within my self-prescribed fifteen minutes; in the interests of economy I hope always to do so. It cost the people of Canada $2,280,816 in the fiscal year 1934-35 to conduct the session of parliament, a daily average of $13,531. According to these figures, which I believe are correct, on a basis of two three-hour sessions per day it costs the taxpayers of Canada over $2,000 every time one of their elected representatives speaks for one hour. I do not think they are worth it. I am opposed to the agreement because it is not in

the best interests of Canada or those of the city I have the honour to represent. According to the clock I have used up about $484 worth of time. If I have said anything which might have the effect of inducing my good friends opposite to change their minds, to get off the detour and back on to the highway of progress and prosperity, and to realize that the agreement is not in the best interests of Canada, I shall feel my time has not been wasted.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, may I remind the hon. member who has just spoken (Mr. Wilton) that in this house there are Canadians just as loyal and as good as he is, and among hon. members who will vote for the agreement there may be as good and as loyal Canadians as among those who vote against it. It would be a sad day for discussion in this chamber and out of it if, in our discussions of questions of this kind, we always brought up loyalty and waving of the flag. In my view matters of this kind should be discussed on their merits, and on their merits only. Whether or not an hon. member votes for or against the agreement has nothing to do either with his loyalty or with his desire to do what is proper in the circumstances.

My main purpose however in rising this afternoon is to say a few words in explanation of my attitude towards the agreement. During the past few weeks, in some Liberal newspapers throughout western Canada there has been a campaign attempting to develop a certain amount of, shall I say misrepresentation, in the minds of electors in western Canada in regard to the attitude of the party to which I have the honour to belong. It is quite true that in this parliament we are only seven, and by the way, "seven" should bring to the minds of the Liberal party a striking incident in British parliamentary history. It will be remembered that Gladstone once after a famous campaign sent a telegram reading "We are seven." I feel quite sure however that in future no one will confuse the twentieth century Liberal party in Canada with the nineteenth century Liberalism of Gladstone.

May I attempt to place in its proper perspective before hon. members and their constituents the position taken by the group to which I belong? For this purpose, although I could go back to an earlier period, I shall be content with going back to 1928. First I wish to place on Hansard a subamendment moved in the course of the budget debate on February 22, 1928. It reads as follows:

That all the words after the word "regrets" in the amendment be struck out and the following substituted therefor:

"that the government proposes further reductions in the income tax, thus making a serious departure from the principle of direct taxation: that the proposed revision of the customs tariff is inadequate to bring effective relief to the consuming public; and that the sales tax on the necessaries of life has not been eliminated."

More than one hon. member has asked us where we stand on this trade agreement. My reply is that we still endorse the amendment we moved in 1928. May I add that every Liberal member in the house at that time, some of whom have recently been asking where we stand, voted against the subamendment I have read and in favour of substantial reductions in the income taxes paid by the wealthy people of Canada, and gave no relief to the millions who required it at that time. I see in his seat the hon. member for Moose Jaw (Mr. Ross) who has been very solicitous about how we stand on this matter. He was one who voted against the subamendment.

Mr. ROSS (Moose Jaw): A political subamendment.

Mr. HEAPS: Everything that comes from us is political, and everything that comes from the Liberal party is, I suppose, quite honest and perfect.

Mr. ROSS (Moose Jaw): For the benefit of the country.

Mr. HEAPS: Then on March 14, 1929, we proposed the following subamendment:

That the amendment be amended by striking out all the words after "house" and substituting therefor the following:

"urges upon the government the consideration of an immediate and substantial increase of the British preference as a step towards freer trade relations between Canada and other nations."

This subamendment was voted down by the Liberal party. Again, hon. members in this chamber who have asked us where we stand on questions of trade and tariff were the ones who voted against that subamendment of 1929.

Coming to 1930, with the Liberal party still in power, I find that on May 8 there was moved from this section of the house the following subamendment to the budget:

That all the words after "it is of opinion that" in the amendment, in the tenth line thereof, be struck out and the following substituted therefor:

The government having definitely adopted the principle of increased protection, modified only by certain extensions of the British preference, it is to be regretted that more effective consideration has not been given to the position of agriculture and labour, but that, on the contrary, the changes made in the iron and steel schedules will result in an in-

creased cost in respect of all structural work and the machinery of production; and further, that the best interests of Canada would be served by a more substantial increase in the British preference, particularly as affecting textiles and other articles of a similar character, together with a modification or abandonment of the regulations requiring a fifty per cent empire content, which have largely nullified the effect of any preference given;

That a much larger proportion of our revenue should be provided for through direct taxation, more especially through the income tax;

We further wish to state our conviction that these and other changes in our fiscal policies are not of themselves a solution of our modern economic problems, but that effective encouragement should be given to the development of cooperative principles, having regard to production, distribution and the utilization and control of credit.

On May 15 this subamendment was voted down. Among hon. members who voted against these three subamendments submitted by our party were hon. members now sitting on the Liberal side who are asking us where we stand on questions of tariff, and adjustments thereof, to meet present day requirements. I think I might well ask those hon. members who were here when our subamendments were moved, where do they stand?

May I now proceed to discuss a few aspects of the agreement? As I sat in my place and listened to the arguments pro and con I could not help thinking how wide of the mark, at least in my view, were many of the sentiments expressed. Those who are in favour of this trade agreement between Canada and the United States seem to think that by its adoption we are going to usher in an era of prosperity. I only wish, Mr. Speaker, that I could bring myself to believe that such will be the case. In fact what was said by the Prime Minister (Mr. Mackenzie King) was that the removal of trade barriers is the cornerstone of Liberal policy in bringing about a return to prosperity. He said further that the agreement—

—will assist our railways, will bring about an increase in purchasing power, and may help very materially to lift our country out of the depression from which it has been suffering for so many years and to restore an era of prosperity and of better relations with other lands.

These rather extravagant hopes based on the agreement seem to me to be somewhat out of place. We are by the terms of this agreement lowering the tariff barriers between Canada and our neighbours to the south. Our neighbours to the south are undergoing exactly the same economic conditions that we are experiencing in this dominion, and yet it is thought, because we are establishing easier trading relations with the United States, that we are going to increase purchasing power here in Canada. I cannot see the logic of it. In the United States at the present time approximately ten million people are out of work, without any purchasing power whatsoever, and in addition to the ten million who are out of work there are many more millions who are on the government payroll, working on relief projects. So long as that is the state of the country to the south of us, I cannot see how by reducing the tariff and making it easier for us to trade with them we are necessarily going to increase trade between the two countries.

Then, on the other hand, I listened to the somewhat extravagant forebodings of the Conservative party, that this country is going to be ruined, that we shall become merely an annex of the United States, that we are giving everything in this agreement that we have to give, and so forth. I cannot become alarmed, Mr. Speaker, about these forebodings on the part of those who oppose this agreement, or enthusiastic about the anticipations of those who have a word or two to say in its favour. If the lowering of the tariff is going to bring about all the advantages which it is claimed tariff reductions will produce, how is it that when we had a low tariff government from 1921 to 1930 we were heading right into the greatest depression that this country has ever known? I refer to 1929 and subsequent years. Low tariffs did not help us in any way, shape or form to evade the depression that overtook us as well as other countries in the year 1929 and subsequently.

May I go a little further and point out that between the years 1930 and 1935, when we increased our tariff enormously, that increase in our tariff did not help us to get out of the depression either. In other words, Mr. Speaker, those who stress the tremendous importance of our tariff structure as a means of emerging from the economic crisis in which we find ourselves at the present time are leaning to a very large extent, I believe, upon a broken reed. All countries of the world, irrespective of their tariff structure, be it high or low, are undergoing similar economic conditions to those prevailing in this dominion. Take high tariff countries such as the United States. They were hit by the depression and had—and still have—tremendous economic problems to cope with. On the other hand, low tariff countries such as Great Britain, Holland and one or two others I might name, have to deal with the same economic problems as those which the high tariff countries have to face. Consequently something more fundamental than tariffs must be the cause of the economic condition in which we find ourselves at the present time.

The Prime Minister has claimed that depression means an absence of trade. I do not know whether that is a complete definition of what depression really is. Depression as I know it would mean that the great masses of our people have not sufficient in the way of food, clothing and shelter, and I would add, so far as Canada is concerned, sufficient of the food, clothing and shelter which they are in a position to produce in abundance and even superabundance. Absence of trade is a very loose expression. There is an absence of trade between this country and other parts of the world. May I also point out that there is an absence of trade between the people of Alberta, say, and the people of Ontario—a complete absence of trade. Why is that absence of trade possible? Why does it take place within the Dominion of Canada? Why cannot the great masses of the people of Ontario buy the coal which either Nova Scotia or Alberta could supply to them and which they want so badly and in many instances have now to receive from charitable sources? Why cannot the people of Ontario, for example, have the things which Alberta is able to supply in superabundance, and why cannot the people of our other provinces have the goods which Ontario and Quebec are able to supply in such superabundance? It is not a question of tariff at all because there are no tariffs between the provinces, and yet there is this absence of trade, the failure to supply the goods which our provinces are able to produce for the people of the other provinces who need them. Why are our provinces not trading with one another as they would if only the real opportunity was there for the people to consume the goods which they themselves produce?

When the Prime Minister spoke of absence of trade, he did not say whether he meant internal or external trade, and I was surprised at some figures which the former Prime Minister (Mr. Bennett) gave when he spoke on this question. He pointed out—I am speaking from memory and subject to correction, but I think I am correct—that approximately eighty-four per cent in value of our agricultural products was consumed within the confines of the dominion in the year 1934.

Mr. ROSS (Moose Jaw): Net or gross?

Mr. HEAPS: I think that was the gross—eighty-four per cent of the amount of agricultural products produced in Canada consumed in this dominion, and only sixteen per cent exported or sold abroad. Then he turned to manufactured commodities and pointed out that eighty-six per cent of the manufactured products of this country was consumed in Canada and only fourteen per cent exported. If that is so, it means that Canada along with the other nations finds diminishing markets to-day in all parts of the world. Why is it that in 1936 we have these diminishing markets? For the very simple reason that over a period of years the different nations of the world have learned to produce for themselves in the same abundance as the so-called more advanced capitalistic countries. Great Britain, for example, has sent its machinery to India, China, and Japan; these countries are producing in abundance, and the world at large is suffering from the competition it has to meet from them in the shape of manufactured goods, for example, textiles. The art of production has now become so simplified that nations have found it quite easy to produce. Practically every nation of the world is in a position where it can export a surplus amount of commodities. When all nations are on an export basis it means that there is a glut of goods for export purposes without available markets. We find this to be so with regard to many of the commodities which we were able to export in the past. I refer to the products of the farm, particularly to wheat. The nations of the world do not want our products to-day to the same extent that they wanted them years ago. France does not want our farm products, neither does Germany. Great Britain is increasing her wheat production year by year in the hope of diminishing the amount needed to be imported. She is doing the same with respect to other farm products. The producers of wheat are being heavily subsidized in order to encourage the growing of grain in the old country. We are living to-day in what has often been described as an age of contracting capitalism and diminishing markets.

If we are finding it more difficult to export our products and if there is a demand for these products in this country, we ought first of all to satisfy the home demand before shipping our surpluses abroad. As yet we have never been able to accomplish this; we have not even tried to accomplish it. As has been pointed out during this session, there are at the present time 1,200,000 men, women and children on relief in this country. I am not familiar with the standards of relief in all the different sections of this dominion, but I do know that in some western cities single men receive only two somewhat skimpy meals per day. In some parts of the country families are compelled to live on approxi-

mately $4 per week. Such conditions offer an opportunity of increasing our consumption.

So far as we in this corner of the house are concerned, we are for the fullest and freest commercial relations between our own people and those of other parts of the world. Just as we stand for the fullest and freest trade relations with other peoples, so do we stand for the freest and fullest trade relations between province and province of the dominion. However, we take this stand with one or two reservations, which I believe are such as will be accepted by most hon. members. First, we are opposed to the importation into this country of goods produced by sweated labour. We would not only put a tariff against goods of this kind; we would place an embargo against their entry into Canada.

Many of the conditions in Canada and the United States are parallel. Somewhat similar living conditions prevail to the south of us as prevail in this country, but they produce many things that we do not. There is an opportunity for friendlier and closer trade relations between ourselves and the people of the United States. Some people look upon trade as a form of war, but we do not; we believe that trade should be the cement that binds nation and nation together. It should give to the peoples of the world an opportunity of understanding the arts, crafts and culture of the various nations. We should have an opportunity of importing from the different countries of the world these things that are natural to those countries, and we should also have the opportunity of exporting the things that are natural to this country. Such a trade would tend to a better understanding between ourselves and the peoples of other parts of the world. When the government of the day, and I do not care what government it may be, is able to bring about an amicable adjustment of trade relations with our neighbours to the south, I think it is a step in the right direction.

The world to-day is in a great ferment. We claim that the cause of many of the troubles are economic. We believe that the expansion of Japan in China and Manchukuo is motivated purely by economic conditions. We believe that the desire of Germany for expansion is motivated also by such conditions, and I think we all agree that the grab of Ethiopia by Italy is motivated by a desire for greater markets and the need for raw materials.

We want to avoid as far as possible friction between ourselves and other parts of the world, and therefore we are opposed to the raising of tariffs which makes it almost prohibitive to trade with people in other parts of the world. In spite of the fact that there is a diminishing world market to-day, in spite of the fact that there are so many people out of work, we contend that economically speaking the world is no poorer than it was ten or twenty years ago. In fact, I believe that the reverse is true, that in many respects we are richer than we were a number of years ago. The trouble is that in this day and generation, like Frankenstein, we have created a monster and do not seem to know what to do with this thing of our own creation. We have created the machinery of production that produces in such abundance, but we have not as yet learned to bring about a proper and fair distribution of goods. We should endeavour to create a condition whereby people would have a reasonable and equitable distribution of wealth production.

I should like to say one or two words to my friends of the Liberal party. During the course of this debate many hon. members opposite have boasted of the victory achieved at the last election.

An hon. MEMBER: Hear, hear.

Mr. HEAPS: Let me tell my hon. friend who says, "hear, hear" that his boasting is a little previous. I remember how members of the Conservative party boasted of their victory after the 1930 election, and I said to them at that time that although they might have won an election, they had not achieved victory. The victory of the Liberal party will be achieved only when they have cured the economic conditions with which we are faced at the present time. When the Liberal party has brought about an era of prosperity, when the people of this country are no longer suffering as millions are suffering at the present time, then I will agree with members of the Liberal party that they were victorious at the last election.

On many previous occasions when referring to the tariff I have pointed out to the house how little the tariff protection given by the government means to the workers engaged in the most highly protected industries. I have pointed out that the workers in these highly protected industries received practically no protection whatever. I have only to point to the miserably low wages received by the men and women engaged in such a highly protected industry as the textile industry. I can point to other industries even in the city of Hamilton, where everyone is supposed to have a full dinner pail. In these highly protected industries we have found that men and women are compelled to go on strike in order to obtain better working conditions than they are receiving under high protection. In other words, the protection given to many of the

industries of the country has been really of no value to the workers engaged in those industries; for we find that in some of the industries receiving the least protection wages have been much higher than in those industries where protection has been highest.

I would point out that the figures given by the bureau of statistics in regard to wages indicate very often not the wages that are received by the workers but the wages that these men and women would have received had they been working fifty-two weeks in the year. These figures are therefore very often misleading. With respect to practically every one of the protected industries, in very few instances do the men and women work fifty-two weeks in the year. Take the textile industry as an example; the wages for girls outside the large industrial areas are $6 a week for beginners. For the first six months they receive the magnificent sum of $6 per week. That used to be for a week of fifty-five hours, but when the howl went up in regard to length of hours the week was reduced to forty-eight hours, and now they work for the same sum on the basis of a forty-eight hour week. However, I have no desire to go into that aspect of the question in detail.

I would say this in conclusion. We in this group of which I have the honour to be a member will support in general the trade agreement that is now before us for ratification. We do not think for a moment that its adoption will solve all our problems, but we do say that we believe that a reduction in tariffs in these days is a step in the right direction. Generally speaking, we believe that it will promote a better feeling between this country and the United States, and where there are natural products that can be advantageously exchanged between Canada and the United States we in this parliament ought to endorse a measure of that kind. Therefore for the reasons I have just indicated we will vote for this agreement between the two countries; and while expressing my hearty concurrence in the agreement I trust that in due course the government will bring in more radical measures as outlined, not in the speech from the throne but in election speeches, to provide for a more adequate and equitable distribution of the wealth produced in Canada.

Hon. C. H. CAHAN (St. Lawrence-St. George): I desire to discuss one particular phase of the issue now before the house and I trust I shall not be more than a few moments. One is perhaps unfortunate in many respect in living a long life; in another respect it provides a lengthy experience which enables one to judge by personal contact ever-recurring political issues. I say now frankly that I have had an intimate and close acquaintance with the men of both political parties in Canada who have endeavoured to secure from the United States advantageous reciprocal trade arrangements since 1870 at least; and so far as I am aware, and as I think and believe, there never was, prior to possibly June 14, 1934, an opportunity to secure any reciprocal trade agreement with the United States which did not endanger and imperil either the political independence or the stability of the financial structure of this country.

I make no apologies for having been opposed to every offer we have had from the United States, since at least I was a young man. In respect of this agreement I do not think the Prime Minister (Mr. Mackenzie King) need have apologized for not securing some improved trade arrangements with the United States between 1921 and 1930, when he was almost continuously in office. He knows and we know there was no possibility of securing any advantageous trade arrangement with the United States during those nine or ten years. In fact, if hon. members will look at the facts—and I like occasionally to refer to them—the United States emergency tariff of May 27, 1921, which continued until September 21, 1922, precluded us from obtaining any more advantageous entry for the exports of Canada into that country; and then under the Fordney-McCumber tariff, from September 21, 1922, to June 18, 1930, which was during the Liberal régime, no more advantageous entry for our exports into the United States could be obtained. If hon. members will look at the facts they will find that, as a result of the Fordney-McCumber tariff, during the Liberal régime—and this is not at all a criticism of the Liberal régime—in a time of very considerable prosperity in both the United States and Canada, the exports of our farm products to the United States decreased from $190,800,000 to $92,134,000, a net annual loss of nearly $100,000,000.

In April, 1929 I was invited by the Chambers of Commerce of Canada, as one of their representatives, being then a member of the board of trade of Montreal, to attend the annual meeting of the Chambers of Commerce of the United States at Washington in May of that year. On that occasion, after a very careful study of the situation, I was able to say to the immense audience gathered there, when the Hawley-Smoot tariff was under discussion in the congress of the United States, that:

Canada is now the largest foreign customer of the United States of America. During the calendar year 1928 we purchased from you for consumption in Canada $826,000,000 in value of commodities which you produce. In fact during the last calendar year 67 per cent of all our importations for consumption in Canada were purchased in the United States of America, and less than one-third from all other countries, including Great Britain and the British Dominions. But while we purchased from you commodities of the value of $826,000,000, you in return only purchased from Canada to the value of $493,000,000, so that, in order to meet annually our accruing liabilities for purchases from you, we were compelled to seek markets for our surplus products in other countries, reaching to the uttermost ends of the seven seas, in order to procure from our sales abroad bills of exchange to the amount of 333 millions of dollars in order to pay you for our annual excess purchases from your manufacturers and other producers of all classes.

That was the condition on the very day that the Hawley-Smoot tariff was under consideration in the house of representatives; in fact the gentleman who followed me on this occasion was Mr. Hawley himself, who advocated the United States tariff increase which was then under discussion. The Hawley-Smoot tariff went into force in the United States on June 18, 1930, the last year of the late Liberal regime. That tariff struck a further blow at our export trade to the United States, with the result that Canada's exports of farm products—I am referring to those because farm products seem to be the chief centre of interest in this discussion—decreased from $92,134,000 in 1930 to $49,294,000 in 1935, a net annual loss of 43 millions of dollars.

It is perfectly clear to my mind that the depression in Canada which began in 1929 and has continued to a certain extent to the present time has been to a large degree due to the excess purchases which we in this country have been making from the United States of America. In fact, even while the late Liberal government was in power, the whole financial structure of Canada was trembling for a time because competition in Canada for the purchase of American dollars wherewith to pay for our excess purchases from the United States had placed a very heavy premium upon United States funds and had decreased the value of Canadian funds. Therefore, when the Conservative government took office in August, 1930, it became absolutely necessary, if we were to continue to exist as a stable economic and financial community, that our imports from the United States should be restricted.

Hon. gentlemen on the other side seem to suggest that if the United States has a cheaper market every citizen of Canada should be free to go to the United States and purchase what he will and bring it into this country. That seems to be the prevalent idea. But, Mr. Speaker, I call your attention to the fact that Canada has a large public and private indebtedness not only in the United States but in other countries, and our only means of paying the interest upon that foreign indebtedness and instalments of the principal as they become due is found in the excess of the products of this country which we sell to foreign countries over our imports from those countries.

From March, 1928, to March, 1929,, we exported to all countries 123 millions of dollars more than we imported from all countries, and that gave us the 123 millions of dollars wherewith to pay the interest on our debts abroad. When the western provinces got into difficulties and were unable to purchase the necessary American dollars to pay the interest on their debts to the United States, we as a federal government had to come to their assistance, and we did so at a time when there was a twenty and thirty and I think at one time forty per cent depreciation in our currency as compared with that of the United States.

In the last year of the Liberal regime we bought abroad $103,000,000 more than we sold and exported to other countries. This adverse change in the trade of this country to the amount of $226,000,000 during the two fiscal years of the Liberal regime ended March 31, 1930, indicated then to observant financial men the prospective collapse of Canada's whole economic system and necessitated immediate remedial measures, which were inaugurated by the late government at the session of September, 1930. Some hon. members may think I am wrong; they may hold different opinions; but unless we had met that position boldly and placed restrictions especially upon the importation of commodities from the United States, I certainly believe we should have had in this country a financial and economic collapse the like of which has not been known since 1870 on the American continent.

Hon. gentlemen may smile at our suggestion that we had almost insoluble problems to face, but I fancy, that now when they are meeting the ebb and flow of those same difficulties, they realize something of what the late government had to face, and—I venture to say it—faced manfully and courageously and to a large extent successfully during the last five years. The fiscal measures which were then adopted were in part successful, as is shown by the fact that the excess of Canada's exports over imports for the year ended March 31, 1934, was $152,000,000, and for the following year, ended March 31, 1935, $195,000,000.

If we had not been able to bring about that substantial excess of exports over imports we could not have maintained the solvency of our financial institutions in this country; I do not think there is any doubt about that. Therefore I say that I hope there is no possibility under this agreement of swinging back to the conditions of 1929, the year before the last of the former Liberal régime.

The table which the Prime Minister (Mr. Mackenzie King) placed upon Hansard during his address on February 25 shows that of United States imports for 1929, which he has taken as a standard or typical year, Canada was the principal supplier of $387,000,000 worth, of which goods amounting to $253,000,000 in value were then and are now on the American free list, while those that were dutiable amounted to $135,000,000. Of that $135,000,000 worth of dutiable United States imports, those on which the duties are unchanged amount to $47,000,000 in value; those on which duties are fixed by the agreement, to $9,000,000, and those on which duties are reduced, to only $79,000,000. Judging this agreement on that basis I believe it leaves the financial problems of Canada still untouched.

If the Minister of Finance (Mr. Dunning) has studied the real facts of the case, as I think he has and as he is capable of doing, he will see that this agreement offers no solution of the vital financial problems which we have to consider in Canada at the present time.

The Prime Minister has stated, I understand, that increase of trade means increase of employment. Increase of trade may, and probably will, result in increase of employment. But where? An increase of employment in the United States or in Canada?

Mr. CRERAR: Both.

Mr. CAHAN: My hon. friend says, "Both." Possibly that is so. But if the increase of trade which we obtain from the United States is equal or nearly equal to the increase of trade which they obtain from Canada, the pressing trade and financial problems of Canada remain unsolved under this agreement.

I have studied, or attempted to study, the items of the Canadian tariff and the United States tariff. I know that when I sat down for nearly three months with fifteen men of the French government, three representing each of five departments, for at least four days a week, to discuss and negotiate a possible trade arrangement between Canada and France, we had first to take the tariff of Canada and in respect to each item, examine the trade returns in order to ascertain to what exent a reduction of the Canadian tariff would tend to increase the market in this country for those French products. Immediately we found that reductions which we proposed to give on certain French products under the most favoured nation treaties would have to be given to Denmark or Holland or Germany or some other state. Then the question arose whether the French producer would profit by a reduction of the Canadian tariff if the same reduction were made in favour of three or four competing European countries. So we had to study each item. Then we turned to the French tariff and studied it in the same way in relation to Canadian goods. Now in these days when members in opposition have no private secretary and not even a stenographer it is very difficult to undertake those complicated studies which I have undertaken before in connection with some other tariff arrangements. But this I do say, as I look into the problem and study it with our trade statistics—and I say this with all respect—I doubt very much whether the Prime Minister or the Minister of Finance, with such data as they had before them, when this agreement was negotiated and finally signed, were able to make a very accurate estimate of the prospective increases that are likely to result in trade between the two countries. Therefore they had to take it very largely on trust, and with a majority such as the Prime Minister commands in this house we also have to take it on trust. But let me say again that from this preliminary study which I have given I do not think very great advantages will accrue to Canada from the completion of this trade agreement.

Mr. MACKENZIE KING: If my hon. friend will permit me to interrupt, he is of course aware that the permanent officials had been working out for the last two years the possible effects of the changes with respect to every individual item.

Mr. CAHAN: Quite so; I have no doubt they have been. But if I may say so to the Prime Minister, I deprecate the idea that permanent officials are to become the deciding mediums in regard to either trade or fiscal arrangements. Perhaps I may be accused of egotism when I make this statement, but I would not accept any estimate from departmental officials with regard to any fiscal matter of political importance without at least spending some days or weeks in a reexamination of it from my own point of view, in order that I might pass my own judgment thereon.

Mr. MACKENZIE KING: That is correct, certainly. I agree entirely with my hon. friend on that point; each minister has to form his own judgments.

Mr. CAHAN: Quite so. I am not disparaging the participation of the right hon. gentleman in these negotiations, but I think it would be very difficult indeed for him and those associated with him in council to have formed any definite and clear appreciation of the effects of this agreement upon either American or Canadian trade.

Had the Minister of Finance been in his seat there were some points I should have liked to discuss with him. All I can say is that I am deeply interested in some of the financial problems now undoubtedly before him for consideration. He has my earnest and deep sympathy, and my sincere hope is that he may be able to arrive at some solution of these problems which has not yet been reached. I think it is the duty of every hon. member to give all possible assistance towards the solution of these problems.

I believe I am not unfair when I state that when the history of the last five years is written, as it never has been written, and the public are fully informed of the problems we had to face—and they have never been fully informed, as they could not have been without precipitating a financial catastrophe in Canada—my hon. friends opposite will appreciate the efforts which were made by the former Prime Minister and his associates and, on the whole, will feel that we did our best, although we may not have been fully successful in the end.

One word about tariffs. An hon. member who preceded me in the debate suggested that we did not derive very much benefit from our intra-imperial trade arrangements arising out of the economic conference held in Ottawa. I say that he is entirely mistaken. If we had not entered into those arrangements at Ottawa at that time there would be very little stability in Canada to-day. Our favourable trade balance with Great Britain, which balance during the last fiscal year of the Liberal régime in Canada was reduced to $94,000,000, had increased in the fiscal year ended March 31, 1934, to $123,000,000, and to $163,000,000 in the fiscal year ended March 31, 1935. That increase in the sales of Canadian products to Great Britain assisted us very materially in overcoming the financial difficulties with which we were beset. It is further suggested by one hon. member who preceded me that we were in favour of high taxation and that the late government had increased taxation and the rates of duties on imports. We did. By various ways, which if you like you may describe as subterfuges, we did decrease the importations from the United States, and in doing so we believed that we were salving and saving the financial stability and the whole financial structure of Canada. In the forty minutes allotted to one it is impossible to give details, but I am fully convinced of the fact.

Mr. MACKENZIE KING: Would that be equally true of imports from other countries as well?

Mr. CAHAN: We were anxious to take imports from any country that would trade with us, but the United States would not trade with us. They were exacting from us $350,000,000 or more per annum in cash, in order to pay for the excess of products which we were freely buying in that country. Under the financial and economic conditions which then existed we could not maintain Canada on an even keel, if we had allowed that excess of imports from the United States to enter freely into this country.

Mr. DEACHMAN: Would the hon. member state where they secured the cash to make the payments to the United States?

Mr. CAHAN: If the hon. member would simply study the financial returns of this country he would easily ascertain that information.

Mr. DEACHMAN: That is not answering the question.

Mr. CAHAN: Whenever the hon. member has time and I have a like opportunity I would be quite prepared to go into a discussion of that question with him or any other member.

In order to encourage trade with Great Britain we have continuously reduced tariffs on goods from that country. In the fiscal year 1935 the average ad valorem rate of duty collected on all imports from Great Britain was only 13·8 per cent, a percentage less than the average of any year since 1874. In 1935, 21·4 per cent of all Canada's imports came from Great Britain, a percentage higher than that of any year since 1911. In 1935, over forty-two per cent of all Canada's exports went to Great Britain, and that was a larger percentage than had been known in any year since 1919. In that year, which followed the close of the war, there was a heavy demand in Great Britain for the products of this country. I contend therefore that the annual sales of Canadian products in Great Britain and in our sister dominions, and the appropriate tariff measures taken by the late government enabled those engaged in Canadian industry to supply to our domestic market millions of dollars worth of Canadian products formerly imported

from abroad, and enabled Canada more successfully than most other countries to survive the effects of the late world wide depression.

I do not believe it is necessary to enter into a full discussion of these measures. I have prepared a lengthy brief which I could place before the house, but I shall be content with stating that I see in this new trade agreement with the United States nothing which is likely to raise Canada out of the fiscal and trade difficulties in which we have been involved in years of depression. I do not look forward with any degree of confidence to the suggestion that this trade agreement will reestablish the prosperity and the industrial and fiscal independence of this dominion. I think perhaps we may be grateful that it does not injure this country more than it actually does. As to a great extent we have to take it on trust, I think we shall have to take it without very much confidence that it is going to reestablish either the industrial or the commercial welfare and prosperity of Canada.

Mr. MAURICE LALONDE (Labelle) (Translation): Mr. Speaker, the question before the house may be, in my humble opinion, considered from various aspects. May I be permitted, for a few moments, to express views entirely personal, but nevertheless sincere, because this being my maiden speech in the house, I would not wish to be taxed with unsound economic and parliamentary views. However, leaving to others the task of discussing this measure from an economic viewpoint, on the basis of intricate statistics, so allowing others better informed than myself to draw conclusions as they wish, I shall base my argument on grounds of a more philosophical nature, but of actual application, I think, to that class of young parliamentarians who, within the last few years, have had the courage to face public opinion and to champion Liberalism which has attained such a remarkable place in Canada at the last October election.

Therefore, I shall set forth, as premises, that it is the duty of the government to become more than ever the champion of peace ideals. More than ever the ideal of peace is losing ground throughout the world, and more than ever, I deem that governments, whether they be founded on democracy or even dictatorship, are in duty bound to have as their objective measures inspired by that peace policy. In my opinion, the policy of the right honourable Mr. King's government is all imbued and permeated with peace ideals, because the measure which we shall be called upon to vote, is the loftiest expression, to my mind, of a tempered free trade, which embodies a manifestation of peace.

What, sir, do we find in the world of to-day Numerous events are occurring which are greatly disquieting to youth. We find a militarized Germany. France alarmed and surrounding herself with guns, Italy no longer able to provide for her sons the land required for their subsistence, Russia who has built up—may I say—an utopian parliamentary system while maintaining an army which is a cause of great worry to her neighbours; and lastly, we see old England beginning to apprehend that her fleet may not be in a position to defend her shores and building aeroplanes in large numbers; only recently, peace was disturbed in Japan. Why, I ask, de we see peace in retrogression throughout the world? If I may be permitted, I shall quote a distinguished French economist, Henri Hauser, who in his work entitled La Paix économique, says:

> One of the most disturbing psychological phenomena of the present time has been the retrogression of peace ideals, during the last three or four years.

Why this retrogression? Unexperienced as I am, my impression is that this retrogression from the ideal of peace is due to the fact that the treaties concluded in the course of the last two decades have not responded to the legitimate aspirations, to use the words of an economist of the "glorious victims of 1917"; it is also due to the fact that the treaties of peace were based on economic grounds alone; and lastly, that the greed of the belligerents remains unsatisfied.

With your leave, sir, I shall quote the opinion of an English economist as to the chief causes of these universal disturbances. In his work, A view of Europe, published in 1932, Paul Van Zeeland says:

> The general readjustment of after the war, which would have been troublesome under any circumstances, was made still more complicated by the political difficulties, the violent hatreds, the contradictions of all sorts that followed from the remaking of the map of Europe. The accentuation of economic nationalism has retarded, if not indeed prevented, this readjustment in many cases; and one may say that the greater part of the task still remains to be accomplished.

What is to be done? To those concerned with this country's economic conditions, the answer is that they must resist economic nationalism with the weapons at our disposal, that is, by setting against it the full force of free trade which we are requested by our leader to sanction for the first time in

the history of the dominion. Henri Hauser quotes the views of Sir Arthur Salter who once wrote:

That economical conflicts could create "not only strongly opposed interests between the various masses of people throughout the world, but an increasing feeling of offence and injustice," in such a way as "to complete, accentuate and inflame political resentment." He concluded with these words which may appear singularly ominous when applied to the days we are living in: "In view of the acuteness of the economic crisis affecting such and such an industry, if one government after another takes steps which the others consider injurious and unfair, and there is no brake in the form of legislation or recognized custom making it possible to distinguish between what is permitted and what is not, it is inevitable that international relations shall become more embittered, and sooner or later, the preventive machinery intended to safeguard the world against future wars will explode under the pressure." Sooner or later: with our eyes set on the gauge, we wonder how much longer the safety valves will function efficiently.

As to the brakes, sir, my personal opinion is that they no longer exist.

We are asked to support a resolution ratifying a convention between the United States and Canada. It is the best, the most commendable endeavour made so far by any Canadian government to recognize the principle of free trade.

Our friends who sit on the center benches opposite are shocked because we dare rob them of part of their small program, but, in my opinion, if the Conservatives have never succeeded in concluding a reciprocity treaty with the United States, it is because the old tory views with which they have at all times been imbued is incompatable with the broad-mindedness of free traders.

In the few moments remaining at my disposal—for I do not wish to speak too long—I shall confine myself to the analysis of the reciprocity treaty with reference to the needs of my constituency. I represent a county of woodsmen and farmers, composing the gallant army of the toilers of the land and of the forest. We have energetically requested to be allowed to sell our lumber and our hay; but always our claims went unheeded. Even in 1934, when I took upon myself to mediate between certain hay producers and certain United States importers, what happened? The first intimation we had was that an embargo had been placed on hay, and, as a result of this prohibition imposed by the late Conservative government, the hay remained in the farmer's barns.

Mr. DUPUIS (Translation): Shame, shame!

Mr. LALONDE (Translation): Hay then sold at $11 and $12 at the barn, and to-day we cannot get $4 a ton for it. That is one of the results of the super protection with which our opponents have always surrounded themselves and as Lucien Romier says in his works: "Prosperity is an utter impossibility if the nations, after warring with guns, continue to war with tariffs."

The reciprocity agreement was hailed with joy in the constituency of Labelle, especially as regards sections 401, 402, 412, 1402, 1413, 1502, 1716, and 601, which provide for reductions of fifty per cent on the duties levied on lumber products and by-products.

The opposition very magnanimously says: You should have obtained something in return; You should have secured a reduction of at least 100 per cent! The answer is quite simple; a child could give it: it is that, if we are not satisfied with the reciprocity agreement, six months' notice enables us to denounce it. Should the agreement not prove satisfactory to Canada, we will give that notice. There is no need for us to worry over futile considerations. The treaty is a loyal endeavour on the part of the liberal party to establish better commercial relations with our neighbours, and I wonder that those who pose as champions of peace should not at least give us their support by approving the agreement.

I may be permitted to quote a few figures that show that our lumber trade with Great Britain has increased since 1932. Why? Because of the preferential duties. Why therefore should not what is good in the case of Great Britain not also be good in the case of the United States?

Mr. ST-PERE (Translation): Hear, hear.

Mr. LALONDE (Translation): If our lumber trade with Great Britain amounted in 1932 to 6 millions and a half, and in 1935—I do not say that it is due to the Imperial agreements; it may be, I cannot tell, but it is after all a matter of tariffs—increased to $20,679,000, why not look forward at least to a change for the better in our lumber trade with the United States as a result of the reciprocity agreement? What is sauce for the goose is sauce for the gander! The same simple reasoning, it seems to me, applies in political as in other matters.

I have before me a few figures which show, I am sure, that since January, 1936, when the agreement became effective, our hay exports to the United States have increased. We exported to the United States, in July, 1935, 490 tons of hay; in August, 182 tons; in September, 93 tons; in October, 240 tons; in November, 186 tons, and in December, 47 tons.

Mr. DUPUIS (Translation): From Labelle county?

Mr. LALONDE (Translation): From the whole of Canada. These are the figures supplied by the Dominion Bureau of Statistics.

And in January, 1936, the first month in which the agreement was effective, our exports increased to 379 tons. A meagre result, you may say. But, at any rate, there has been no decrease, which is gratifying.

Just a word in connection with lumber. The county of Labelle hopes that the agreement will prove beneficial to the lumber industry, because if there is a class of workers that needs protection, it is the woodsmen. The house is perhaps not aware of the hardships obtaining in the lumber camps, of the exaction of certain contractors who hold their men in a tight grip. There have been years when woodsmen drew 35 cents a day for ten hours of arduous work; to-day, thanks to the intervention of the provincial government, they get $1 a day, which is still insufficient. I shall not venture to promise them, as some have done, wages of $52 $55 and $60 per month, but I trust that this agreement will result in increasing our lumber exports. According as trade increases, prices will go up, and we shall see once more the golden years of 1927, 1928 and 1929, when our woodsmen received fair wages and were able to provide for their families as free men, and not as slaves.

Mr. Speaker, I now bring my remarks to a close. If I wandered from my subject, it was in order better to emphasize the urgency of taking steps to bring about more friendly relations between the various countries. Statistics show that in one year alone seventy-eight treaties were concluded between various European countries and not one of them has revealed the slightest tendency towards free trade. These so-called free trade agreements have created between nations a spirit of animosity, followed, sooner or later, by reprisals that are sometimes attended by bloodshed. History tells us that at the bottom of every war lies some economic question. This is nothing new. Was not the Italo-Ethiopian conflict brought about by a question of trade? Of that I am positive.

Consequently, if we sanction this reciprocity agreement, as I hope we will, the Liberal government of Canada will stand before the country as a peacemaker; the government of the right honourable Mr. King will be entitled to the gratitude of the younger generation which to-morrow, whether it wish it or not, must shoulder the responsibility of the legislation of to-day, the generation which to-morrow will be called upon to assume the administration of the country's affairs. You could hardly believe, Mr. Speaker, how we, the young Liberals, with the full strength of our enthusiam, perhaps, but also with the deepest sincerity, feel confident that these measures of broadmindedness, of free trade and of neighbourliness, will give to our youth renewed hope....

Mr. DUPUIS (Translation): There is need of it.

Mr. LALONDE (Translation): Indeed, we must have hope. Perhaps in certain respects we have been somewhat neglected, but when we see a government introducing measures of this nature, we have no hesitation in supporting it with the full strength of our convictions, and to-day I feel that I speak for all the young Liberals when I say to the government of the right honourable Mackenzie King that we place great hopes in its free-trade policy. That is why, at the last election, we gave it our fullest support and that is why to-day the younger members of the Liberal party, united in their enthusiasm, extend their hand to their elders, in the desire to work with them in the best interests of the country and to launch our dear Canada on the road to prosperity and sound progress.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the question of reciprocity with the United States has existed ever since Canada has been a country. We on this side of the house are called Conservatives and I think we should tell the house what it is we desire to conserve. Our party believes in the old doctrine of protecting our own markets, for our own products and our own work for our own workmen. That is what this party stands for to conserve, and has preached in and out of season. Burke once said that government was a practical thing; that it was not something to please the fancy or imagination of a visionary and an ordinary politician. Bolder and abler politicians than those who negotiated this trade agreement tried to effect an arrangement with the industrial and agricultural nation to the south of us in the past seventy years, but they got nowhere. I have no doubt the proper place to discuss these two white papers of agreements will be in committee. Both these documents embrace a large number of items upon which reductions in duties are being made. The more I study these white papers; the more I study this whole question, the more I realize that history has a habit of repeating itself. To me the doctrine embraced in these white papers and this agreement is the doctrine that it is more blessed

to give than to receive. This agreement was negotiated in a rush during a visit by the Prime Minister (Mr. Mackenzie King) to the south, partly for business and partly for pleasure. It was consummated shortly before Christmas and Santa Claus could not have handed out presents more abundantly than did the Prime Minister to the people of the United States.

You and I, Mr. Speaker, come from industrial provinces, the central provinces of Canada, which have been built up by the doctrine of protection. Canada started as an agricultural country, but it was not long before it learned that no country can exist on agriculture alone and it therefore adopted the principle of protection to build up our own industries as a result of which nearly fifty per cent of the Canadian people have been engaged in industry. These two central provinces together pay nearly eighty per cent of the cash taxes collected in Canada, and they are affected economically more than any other provinces by the trade agreement which the Prime Minister has brought into the house for ratification. The agreement seems to be based upon the principle "that to him that hath shall be given and from him that hath not shall be taken away even that which he hath."

The United States became rich by feeding its own people; it became a great nation because Americans were fed from the great wheat fields in the United States and not with wheat imported from Canada. This agreement seems to have overlooked entirely the maxim of Canada for the Canadians. At any rate our own market for our own Canadian products will be destroyed and our work for our own workmen will be done away with. I oppose this agreement entirely because I fear it will have an injurious effect in regard to unemployment. It will destroy many a basic industry in Canada.

I represent a riding in which there are 300 industries, large and small. Some of them would have gone bankrupt; they would not have been able to keep their doors open but for the British trade agreement consummated in 1932. I have seen on Eastern avenue, Toronto, carloads of an excellent product from a Canadian industry being shipped to every country in the empire, and what was responsible for that? It was the result of the statesmanlike policy which the former Prime Minister (Mr. Bennett) put on the statute books in 1932. We live in a country in which taxation is becoming increasingly alarming. Why should we not retain our home market for our own products? Our industries provide work for a large part of our population, and those industries depend to a very considerable extent upon the home market. The hon. member for Dufferin-Simcoe (Mr. Rowe) has estimated that eighty per cent of our food produce finds a market in Canada, and that market will now be destroyed. Are we to surrender such a valuable home market to competitors in the United States? That is the question before the house. Are we to serve the interests of Americans by giving them a part of our home market, badly needed by our own producers, so that Canadian producers will be compelled to share their own home market with outsiders? What will be the result of this agreement? The Americans will retain their own market for themselves and will come to Canada, where they pay no taxes, and share the Canadian home market for the products of agriculture and industry.

I oppose the agreement for another reason; I oppose it on the ground that we should have constitutional reform to provide that in the making of treaties no one man shall ignore the views of Canadians at large. We have heard a good deal about Hitler and Mussolini; the Prime Minister, speaking in Toronto, has talked a great deal about these dictators; and yet we find the right hon. gentleman, after a general election, going to Washington, and in one day making an agreement like this over the heads of the House of Commons and the Senate about to assemble. The proposed agreement is not the outcome of any doctrine which is Liberal; it is the net result of the doctrine that your leader is your policy. We saw what became of that doctrine in Ontario. I say that we should have in Canada parliamentary reform that would make it impossible for any reciprocity undertaking such as this, formal or informal, to be entered into by a prime minister with the United States without a full and frank discussion in parliament and with every opportunity for members on all sides to express their views fully. Such discussions are of course useless after the agreement is consummated, for grave issues of domestic and international policy are likely then to be involved. This question of constitutional and parliamentary reform has been raised in the old land, where it led to a very important debate about the right of one man to give India home rule over the heads of parliament. It seems to me that something should be done in that regard in Canada.

I contend that this agreement gives away Canada's birthright; it does away with her own market for her own products, and the creation of work at home for her own workmen. Time will reveal the advantages and disadvantages of the agreement, but certainly what we have before us reminds me of the

old Toronto Street Railway agreement of 1892. I have read two or three of these white papers and they are filled with jokers at the expense of the people. The leader of our party decided that he would not accept an agreement of this sort; he let Washington know that it was more important that Canadian interests should be preserved than that, for the sake of party advantages, an agreement of this kind should be entered into with its inevitable consequences to the Canadian people. In the period from 1921 to 1930 the United States maintained high tariffs against Canada, and what did the Liberal government of that day do? That government simply turned the other cheek and told the United States to strike it. The result of that government's policy, or rather want of policy, in that decade was that nearly one million Canadians, including men who had fought for their country, crossed to the United States at the rate of a hundred thousand a year.

Canada has been the happy hunting ground for many years of American politicians and financiers. Take new Ontario, west of the Ottawa river and as far as Nipigon. Let me say this to the hon. member for Cochrane (Mr. Bradette): Canadians do not own anything up there; water powers, mines, and minerals—asbestos, copper, silver, gold—all these things are under the control of American capitalists and politicians.

In federal affairs we have many other examples of that particular doctrine to which I have referred. I remember when this reciprocity question came up in 1911, at the time when Sir Wilfrid Laurier hoped that, as the nineteenth century had belonged to the United States, the twentieth century would belong to Canada. For a long time the United States had desired a market in Canada for manutured goods, and the Conservative party were willing to meet them in a spirit of fair play, by giving concessions on raw materials. There was an increased demand for Canadian goods; owing to the industrial and agricultural development of this country there was a great growth in Canada of local industry. Combined with these signs of progress, the potential wealth of the great western provinces also caused great optimism. The result was a pilgrimage to Washington. But what the people of this country wanted was a tariff made at Ottawa, not at Washington. No matter what government has been on the treasury benches, no matter what party has been in power, there has been a continuous and presistent attempt to cultivate better trade relations between this country and the United States of America and a reciprocity that should be equally beneficial to both countries. The negotiations of 1866, of 1869, of 1871, of 1888, all bear this out. The Hon. Clifford Sifton in 1911 said:

> You cannot have, as the pact proposes, a free trade dumping ground for farmers' produce and a closed protected market for manufactured goods. The two things will not stand together. You can reject the pact and remain commercially independent of the United States, or you may accept the pact and have commercial union with the United States.

Sir William Van Horne said, in September, 1911:

> Reciprocity is a silly and dangerous thing. It is not a question of men or of party.

The people were not willing to give up all our home markets for this cheap boon of reciprocity. In 1911 the provincial legislature of Saskatchewan came out strongly in support of the pact. The first test it received came when, in that year, two Liberals, Hon. Clifford Sifton and Mr. Lloyd Harris, abandoned the Liberal party, the latter on account of the reduction of the duty on agricultural implements from five per cent to two and one half per cent. Sir Wilfrid Laurier decided that it was useless to get the pact through parliament without the verdict of the people. After eleven days of obstruction he took the country by surprise, dissolved parliament and appealed to the country on that particular pact, and the government of the day was defeated, as I believe this government would be defeated if this question was submitted to the people to-day. The present government would not have a chance, because our Canadian working men and farmers are no fools when it comes to losing their homes and their jobs, nor are our farmers fools when they are going to lose their markets; they will assert themselves.

As I said, Sir Wilfrid Laurier made a trip out west in 1911 after a session of this honourable house; he met the farmers out there and learned first-hand what the farmers and the grain growers thought of the protectionist policy which the Liberals had adopted from the Conservatives and of the repudiation by the Liberals of their platform when they were in opposition. There was an election, and in view of this they went down to Washington and Mr. Paterson and Mr. Fielding consummated this pact which was signed on January 21, 1911, between Canada and the United States. The agreement was in the form of a note addressed by the Canadian government to the United States in which fifteen points of agreement were recited and three schedules enclosed. This was acknowledged in a note from the United States, and an agreement followed along these lines.

I ask, Mr. Speaker: What must be the future of Canada within the British empire if

this agreement goes through? I do not wish to wave any flag. Far from it; I am thinking of the homes and jobs of my constituents, and not of the flag, although the flag is an important part of our connection with the British empire. The three important empire problems for this parliament to solve are trade, defence, and migration, besides the questions of unemployment and of distributivism. What is the future of Canada in the British empire under this agreement? I for one fear for our future; I do not mean in a constitutional way. I fear for it in an economic way. Definitions do not always include facts. The other day I was looking at a map of the world issued by the Department of the Interior, a sort of illustrated geographical book.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. CHURCH: Mr. Speaker, I am in favour of a principle of confederation of the old Cornish battle cry of all for each and each for all. I believe that a right solution of our economic problems is the proper application of the doctrine of protection for each and every one of the provinces of Canada. We saw that demonstrated in connection with the relief given to the coal, steel and iron industry in the maritime provinces some years ago. My hon. friends opposite opposed the action of the Conservative party in providing a subsidy for coal, iron and steel, which subsidy was afterwards extended to grain on the prairies by the stabilization fund.

Before recess I was referring to the British empire agreements and our relation with the other dominions regarding imperial preference. I was looking at a map of the world issued by the Department of the Interior, all over which map were red patches showing the different parts of the British empire, at the bottom being the caption "An empire on which the sun never sets." I closed the atlas feeling that the British empire as Victorians knew it and as Sir John A. Macdonald and Sir Wilfrid Laurier knew it is a thing of the past. The great group of free nations that we spoke of as the British empire is now known by the high-sounding name of the British Commonwealth of Nations. We now look to Great Britain for the final court of appeal and to the Britsh navy to protect our trade on the seas, but by this agreement we make it clear that we owe her no trade allegiance. Our support in war is a matter for our own decision, and by this agreement it is ourselves first and the British empire a very poor second.

If we vote for trade agreements we are voting for complete commercial union with the United States. I do not say political union, but it will be an economic union, and the United States will never grant Canada dominion status. By this agreement we shall be absorbed into an economic federation which eventually will result in the loss of our economic independence. This agreement comes after the motherland by the 1932 agreements has given us imperial preference in return for real reciprocity. This agreement will loosen Canada's desire to trade with the motherland and will not help empire trade. We shall soon be like South Africa and the Irish Free State which have not only claimed the right to secede but shown by their actions that for all practical purposes they have chosen complete independence. By the agreements of 1932 we decided for closer economic ties with the motherland, but by this agreement we take the position of a son who considers that the parent should give all and expect nothing in return. The general policy in this agreement is; the United States first and trade with England a very poor second.

I am not one of those Conservatives who apologize for my party's share in the defeat of reciprocity in 1911. I believe reciprocity on the basis then proposed would have made a Lazarus out of a country that Sir Wilfrid Laurier proposed to have made a nation. That reciprocity proposal would have exhibited the Canada of Queenston Heights, St. Julien, Vimy Ridge, Passchendaele, Amiens and many other fields of glory, as a beggar for the poor favour of reciprocity and free trade. At that time our opponents contended that the grain growing industry flowed north and south, not east and west and overseas to the markets of the world. But the fact is that grain growing in this country never was a continental industry but is the greatest imperial industry we have ever had. The Liberal party was wrong in 1911 in this respect about grain; they were proven to be wrong. The poor grain grower was fleeced out of a fair share of the proceeds of his crop. By whom? As I said in this house on May 5, 1924, it was by the middlemen and the grain exchanges. The former member for Marquette, the present Minister of the Interior (Mr. Crerar) was one of the heads of the grain dealers, and grain exchanges that combined with the elevators and transportation and other combines who handle the wheat in transit, and I contended at the time in this house that the grain grower was fleeced out of millions by middlemen and not given a fair price or a fair share of the profits of his labour. I gave the Union government some credit for having tried to stop this and for

trying to help the farmer, but these middlemen in the Maharg case continued and used the courts and injunctions to prevent free trade in grain inquiries when they were clamouring for free trade and reciprocity in grain. Look at what has happened in Buffalo with hard wheat as a result of this policy. The publicity commissioner there says in his statement for 1935 that they have thirty-seven elevators there. They have taken our hard wheat and bootlegged it, mixing it in the elevators and milling it into flour. I saw it myself, and the Turgeon report proved that it happened. They take the best wheat in the world and mix it and mill it at Buffalo and Baltimore and along the American seaboard. The western wheat growers have fulfilled in their experience with these middlemen and profiteers the words of Scripture, "A man's foes shall be they of his household."

I am reading so far from an address I made in this house on May 5, 1924, when I dealt at length with those responsible for fooling the farmers. The worst enemy of the western wheat growers is the policy of the Progressive party, its leaders and its representatives in this house. Another opponent of the western wheat grower is the present policy of the Liberal party, its leaders and representatives in the house. I submitted at the time that wheat growing in western Canada was the most truly national and most widely imperial of all Canada's industries. I said that the wheat growers of Alberta, Manitoba and Saskatchewan had more to fear from the big interests west of the great lakes than from the big interests east of the great lakes. I will not give my approval to having Canada's tariffs made at Washington instead of at Ottawa. Reciprocity on 1911 lines would have lasted only until some agricultural bloc in the United States imagined that it was putting a dollar into the pockets of the Canadian farmers. Then the United States and a farmers' bloc would have ended reciprocity as suddenly as they began the 42 cents a bushel tariff on Canadian wheat. The British and overseas market is and always should be a market of customers for Canada; the United States market is and always will be a market of competition with Canada. History always repeats itself in our agreements with the United States. We want to do business with them but on a fair basis. They have the cream of the business, selling us $150,000,000 a year more than they buy from us. We buy from them about $26.50 per head, and they buy from us about $2 per head.

In my opinion protection for the farmer is what this country needs. A truly national policy would not allow the Canadian farmer to be stung for an unfairly high price for agricultural implements, automobiles or any other production of Canadian industry. A truly national policy would provide an excise duty that would put into the public treasury every cent charged for agricultural implements or automobiles or any other product manufactured under protection a price that represented fair wages to the workingman and fair profit to the manufacturer. The price should be such as represents fair wages to the workman and a fair profit to the manufacturer. I know this proposal will be met with the shout of "paternalism." But I would sooner have the paternalism of a protectionist government than the paternalism of the Winnipeg Grain Exchange, a paternalism of free trade that robs those who grow the best wheat in the world of $25,000,000 per annum and puts that $25,000,000 into the pockets of the Americans who handle that wheat, as I showed on May 5, 1924, in this house. We will have to have more paternalism in the management of this country's reserves and the promotion of this country's welfare.

I am just as much opposed to the Liberal party's policy of economic Liberalism of the Manchester school as I am to the teachings of Moscow. I plead for a departure from this free trade law of supply and demand, and for acceptance of the principles of the old national policy in our dealings with all the provinces of Canada. I plead for the application of the principles of the old national policy to all industries in this country from the manufacturing of agricultural implements to the growing of wheat. Leave the wheat growing industry of the west to the workings of the law of supply and demand, and that law would not fill the west with wheat growers. If that law did fill the west with wheat growers, wheat would not be worth fifty cents a bushel. The free trade law of supply and demand now costs the wheat grower of the west $25,000,000 per annum. This simply substantiates what I said before, namely, that there should be a rejection of the free trade 1911 reciprocity conditions and a return to the old national policy. When we are dealing with this matter, let us not forget the lessons history has taught us.

May I now discuss the duty on cattle. Last night the hon. member for Portage la Prairie (Mr. Leader) said that there were two markets for our cattle, namely those in England and the United States. He stated further, that the United States offered the natural market. I say that it is not the natural market; it is one that is here to-day and gone to-morrow. I say that it is one of the most undependable markets for cattle

that could be imagined, and it is as fickle in connection with purchases of Canadian cattle as the Liberal party has been fickle in its support of protection. The only real and stable market is that of Great Britain; as it is our best market for grain, so it is our best market for cattle. The cattle kings of Chicago and New York are rejoicing at this agreement. Hon. members have only to read the reports of investigations now going on before a United States senate committee to learn what is taking place in connection with packing concerns and cattle rings in Chicago and other parts of that country. If they read those reports they will soon conclude that the agreement cannot last long, so far as any improvement in the cattle market is concerned. In my opinion it would last just long enough for the cattle dealers in Chicago to find out that the poor farmer in Canada might make a dollar, at which time it would end abruptly.

Owing to the disposition of our exportable surplus as provided in the agreement, there will undoubtedly be a serious unemployment condition on our national railways and other transportation systems. Both rail and water services will suffer greatly. Not long ago I was in Cleveland and while there had the privilege of talking to a celebrated railway official. A relative of his was responsible for the building of three or four billion dollars worth of railways in the United States, including the Nickle Plate and the Big Four. Some of those railway officials said that they hoped, as a result of the agreement, to get a large share of the business running north and south. What will happen to the railways of Canada? What will happen to the money spent on the development of our canals? We have nearly four billion dollars worth of railways, and I say that instead of a deficit of $50,000,000 we shall have deficits of $75,000,000 or $100,000,000. They will lose the revenue from the long hauls from the head of the lakes to Saint John and other ports. I suggest that that is one angle which should be given careful consideration.

I am sorry the hon. member for Kootenay East (Mr. Stevens) is not in his seat. I was greatly surprised, in view of the investigations made by him as chairman of the price spreads commission, to hear him lend his support to the treaty. He is going to leave the working men of Canada at the mercy of American trusts, combines in restraint of trade, sweat shops, and child labour. Investigations have shown that nearly a million children under fifteen years of age are engaged in industries of the United States; they have sweat shops up to the hilt over there. The hon. member is going to allow these people to ship their goods into Canada, thereby sharing our home market with the products of Canadian artisans. I am surprised to find an hon. member who has given such long and notable service to the cause of protection making a right-about face in that manner. I do not doubt his sincerity, but I suggest he is greatly mistaken in his outlook on this agreement. He has been a consistent supporter of protection, but in this instance I am afraid he has made a bad mistake.

I do not know why no mention has been made of the St. Lawrence waterway in these agreements or negotiations, because I believe sooner or later this reciprocity matter will come before the United States law courts. In the last few minutes at my disposal may I say that I believe this agreement will receive the same treatment as did the new deal legislation in the United States. In that instance a decision was handed down by the United States Supreme Court, which by a majority of one declared ultra vires their new deal legislation. I believe this agreement too, will, for the reasons given in that judgment, be declared ultra vires of the president and people of the United States.

In my view this agreement should be placed before the Supreme Court of Canada also, as was the legislation brought down by my right hon. leader on the new deal legislation of last year. May I say that his personal probity, his political common sense and his political wisdom are known to every citizen of Canada; although one might not always agree with him one must respect his judgment as a great Canadian and he will occupy a place in history. I believe if this agreement goes before the Supreme Court of Canada it will receive the same treatment as did the new deal in the United States. Why should all the measures passed by the last parliament have been sent to the supreme court, and this agreement not be subjected to their inquiry as a matter of law? Also—

This policy of reciprocity and free trade kills industry. It destroys business and has a bad effect on prices. United States imports are to a great extent a menace to Canada. The whole prosperity of the United States has been built up by high tariffs; these are historical facts. Agriculture cannot be the basis for the whole life of a nation. Canada, like the United States, was at first an agricultural country, but at an early stage we found that protection must shelter the birth of big industries. Why can we not learn

from history? Why build up the industries of other countries, instead of developing our own factories? As a nation, Canada should buy at home. Protection must shelter the birth of every big industry, and must nurture it in its struggling years. The truths uttered by Horace Greeley in the United States would apply as well here in Canada in 1936. It was stated by him that protection gives bread to the workers, in exchange for work, whereas free trade is an obstacle to a nation's growth.

I regret to see an agreement brought down in the manner in which the present one was introduced. If it had been made an issue during the election campaign I doubt very much if the present government would be sitting on the treasury benches to-day. Then, with respect to the quotas may I ask this: Is it wise to accept quotas from the United States? They have stipulated quotas on cattle and lumber, but we do not find any quotas being applied by the people of this country. Why was there not a fifty-fifty arrangement, if this is to be a proper reciprocity agreement, and one which represents fair dealing to both parties? Why do we not have the same arrangement for fish, lumber, and other commodities? I fear that the exportable surplus of United States farmers in years of heavy crops will be turned into Canada, at very low prices. They pay only a small amount of duty, as compared with the amount paid by us. The Canadian farmer pays a higher duty for the entry of flour, eggs, potatoes, cream, and other commodities.

In my opinion the agreement is nothing but one full of jokers, as the lawyers call them. For the last forty years we have purchased on an average of $150,000,000 worth more goods from the United States than they have purchased from us. In forty years that would amount to about six billions of dollars. We have bought these large amounts of goods from the United States, after giving them our raw materials. For instance, they take $6,000,000 worth of asbestos in the crude and semi-crude state from the central and northern provinces, and after importing it they develop it into $69,000,000 worth of manufactured goods, and ship part of it back to us, for us to buy, giving employment to Americans.

The policy of the Liberal-Conservative party has been consistent; it has been the same in all the provinces. I shall have another opportunity to speak on the agreement, and shall not speak at greater length just now. In closing, may I state that I believe we have, as decent neighbours been doing our duty to the American people. We have given them markets; each year we bought $150,000,000 more from them than they bought from us. We are content to deal fairly with them for three hundred and sixty-five days of the year, but the central provinces of Canada want fair play. We want fair play for agriculture, and for the industries in Ontario and Quebec.

We can remember the days in which the Drury government held office in Ontario. That was a government that preached blue ruin, and the result was that for ten years no industry was established in Ontario, because no industrialists would put money into it. Do we want to have that condition throughout Canada, under this agreement? I believe the Canadian people should have an opportunity to vote on the agreement, and I am stating that if they had that opportunity it would be voted down.

Mr. D. F. McCUAIG (Simcoe North): Mr. Speaker, following the last election a new wave of optimism was quite apparent, due to a great extent to the confidence of Canadians in the Prime Minister (Mr. Mackenzie King). That confidence was increased when shortly after the election the people learned about the able body of men he had gathered around him as a cabinet. Very shortly after, confidence was still further increased when within one month after taking office the Prime Minister announced to the Canadian people that he had been able to negotiate a trade agreement with the government of the United States. I wish to congratulate the Prime Minister upon these achievements, and may I also add my congratulations to you, Mr. Speaker, and to the Deputy Speaker, not only upon your election to your respective offices, but upon the very efficient way in which you have presided over the proceedings of this house.

I am particularly interested in the Canada-United States trade agreement because I represent a riding that is situated in a splendid agricultural district of this province of Ontario. Anything I may say this evening I feel will be only a reflection of the feelings and sentiments of the people of Simcoe North whom I have the honour to represent.

During the last few weeks we have heard a great deal about the condition and the problems of the farmers of western Canada, and we have heard from members from the west, some of whom seem to be under the impression that members representing the central and eastern provinces do not sympathize with their problems. But I feel that the problems of the farmers of western Canada, although perhaps more intensified than

those of the farmers of our province, are, after all, of the same kind, and that whatever will solve the problems of the farmers of the west will also solve the problems of the farmers of the east. I believe it is the duty of members of the house to study the problems of all our people in all the provinces, because prosperity cannot come to this country unless we have prosperity in all the provinces of the dominion. I am glad that we have this agreement before us because, by affording us wider markets, I am sure that it will do much to bring about prosperity in Canada.

We were told the other day that over one-half of our population is situated in the cities and the larger towns. This is not as it should be in an agricultural country like ours. The flow of population from the farms to the larger centres is not in the interests of this country. Therefore I believe we should pay more attention to the basic industry of Canada and do what we can to help our farmers once more become prosperous.

We heard the other day from the right hon. leader of the opposition (Mr. Bennett) that 82⅘ per cent in value of the agricultural products of this country was consumed at home and only 17⅕ per cent found a market abroad. But that is not an argument against this trade agreement so much as it is an argument for it, since the larger the proportion of our products that we can sell abroad and the wider the market we can secure, the greater the advantage to our Canadian farmers, not only by reason of the increased percentage of agricultural products sold abroad, but because the increased price they will receive for their products sold abroad will tend to increase the price of their products sold at home.

Although I am not a farmer I am intensely interested in their problems. I feel I know what their problems are. The sooner we members of parliament give consideration to those problems the sooner, I believe, shall we have prosperity throughout the whole of Canada. I hope the day may soon come when our farmers and agriculturists will be able to enjoy many of the comforts and conveniences which the people in the larger centres enjoy. In some places these conveniences and comforts have been brought close to the homes of our farmers, but they are not able to take advantage of them because the price which they receive for the products of the farm does not enable them to afford conveniences, and of course all such comforts and conveniences would add to their overhead expenses.

[Mr. McCuaig.]

We also heard the other day something about the price of farm implements in this country. Undoubtedly farm implements are too expensive in comparison with the price which the farmers receive for their products. The trouble to-day is largely that the value of the products of the farm has not in the past number of years increased proportionately to the increase in the price of the implements of production.

We heard members of the opposition during the last week claiming that this agreement was bad, and yet in the very next breath they said that it did not go far enough. There are in this agreement, I admit, some items on which I think the tariff should be reduced still more, but at the same time should we not be thankful for what we have received? It is at all events a start in the right direction. We may be sure if the previous government had been returned to power we would not have the agreement and the lower tariffs we are going to enjoy from now on.

When I listened to the right hon. leader of the opposition (Mr. Bennett) and his followers I could not help wondering what would have happened, particularly in the riding I have the honour to represent, if they had made, prior to October 14 last, similar statements to those we have heard them make during the last few days. All through the agricultural district of North Simcoe during the last election I was met with the argument everywhere, that although the Liberals would reduce duties and increase trade if they were returned to power, the Conservative party were going to do the same thing. The only way the Conservatives could attempt to hold the farmers of that district together was by insisting that they would negotiate a trade agreement with the United States and go just as far as the Liberals would.

The farmers of my riding are particularly interested in the reduction of the tariff from three cents to two cents a pound on cattle weighing seven hundred pounds or more. I would like to see that duty made still lower, but a reduction of only one cent a pound in the duty on cattle means a great deal of additional revenue to the farmers of this country. We have heard Conservative members complaining that a quota of 155,799 head of cattle per annum has been established, and they claim that we should be able to ship more cattle to the United States, but I would point out that if we ship only to the limit of that quota, the reduction of one cent a pound in the duty means one and a half million dollars to our Canadian farmers.

That is only a small part of the story, because by reason of the increased price we shall receive for our products sold abroad the greater will prices be for the products we sell at home. We can ship the full quota to the United States, but in addition the total production of cattle in Canada is approximately 2,000,000 head per year. This would mean approximately $15,000,000 per annum to the farmers of this country. This increase in the price received for cattle, together with the increase in the prices received by our farmers for other products, would bring back to them the prosperity which was lost due to the high tariffs and the blasting policies of the last five years.

The citizens of the United States are entitled to take back with them when they return to that country after a visit to Canada goods to the value of $100 when intended for their own use. I am particularly interested in this matter because I represent a riding which is really the gateway to the playgrounds of this province. This part of Ontario is often described as the place of lakes and waters. It also is on the way to the birthplace of the quintuplets which is claimed by the hon. member for Parry Sound (Mr. Slaght). Citizens of the United States visiting this part of the country buy an enormous amount of goods from merchants in the different cities and towns through which they pass. This fact is proven by the special display of woollen goods such as blankets, Hudson Bay blankets, motor rugs and other articles in the windows of these merchants. These articles are not displayed during July and August to attract Canadian business; they are there to be sold to United States tourists.

We could not expect that that privilege would continue to be extended unless we were prepared to give the same privilege to Canadian citizens returning from a visit to the United States. I am glad to note that this agreement contains this provision. Canadians who go to the United States for a holiday may purchase goods to be brought back to Canada. We are helping the merchants who sell and the manufacturers who make the articles purchased by these tourists and, on the other hand, we are helping our own citizens and our own consumers by allowing them to bring back these purchases from the United States.

I support this resolution because I believe in the enlargement of trade, and especially in the enlargement of trade in primary products. I believe this will bring prosperity, happiness and comfort to the people of Canada.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, the county of Peel which I have the distinctive honour of representing in this House of Commons is peculiarly interested in the legislation now before the house. This interest is brought about by the many different products produced within the confines and boundaries of that county. May I be permitted at this time to tell hon. members of the house and you, Mr. Speaker, that there is in my riding, among other enterprises, dairy and mixed farming, manufacturing, flower growing and a very extensive fruit and vegetable industry. In my previous address to the house I mentioned the extent of the flower growing industry. We claim that Peel county is the Canadian paradise of beauty. I should like to extend to you, Mr. Speaker, and to every hon. member an invitation to visit Brampton, the beauty spot of North America. We shall not question your brand of politics; if you are a Liberal, you may come; if you are a Conservative, you may come; if you are a member of the Cooperative Commonwealth Federation you may come and if you are a Social Crediter you may come. However I would like to give one warning; if purchases are made we will perhaps refuse to accept social credit dividends. In the county of Peel we are used to actual cash.

I should like to refer particularly to the three industries in this riding: Dairying, flower growing and fruit and vegetable growing. Our dairying industry partly supplies the great metropolis of Toronto with its whole milk and we take second place to no other area in the whole dominion in so far as this particular industry is concerned. As I have stated already, we are the largest producer of cut flowers in the world and our fruit and vegetable industry compares favourably with that industry in any other section of Canada.

The hon. member for Témiscouata (Mr. Pouliot) has filled volumes of Hansard, which is read religiously by the people in my riding, directing attention to the municipality of Rivière du Loup in his own riding. I want to serve notice upon him that he should look to his laurels because I intend, if my halting efforts will avail, to supplant that constituency, in so far as the attention of the house is concerned, with the one I represent.

We have heard a great deal of the history of trade negotiations between Canada and the United States. All this is very interesting and enlightening, especially to the new members, but may I suggest that the man on the street, the man who is looking for relief from the effects of the depression, is more inter-

ested in the present and the future than in the historical facts in connection with these negotiations. I suggest that this Canada-United States trade agreement should be viewed through the clear eyes of two classes of our people, the struggling farmers and the workingmen. Let me say a word with reference to the dairying industry in my riding. Because of a surplus production, because of other factors which perhaps are not relevant to a debate of this kind, in many instances the farmers cannot market their milk in as profitable and orderly a manner as they might desire. What these farmers want among other things is an agreement which will relieve the stress and pressure caused by this milk surplus.

It is true that in the agreement there is a lessening of the restrictions on cream going into the United States market. We are always thankful for small mercies, but I suggest that that does not go very far in the direction of helping the people in the riding I represent. I am hopeful, however, that as regards cattle the provisions of the agreement will afford some relief. I have been told by some of the farmers of Peel county that since the agreement went into effect it has resulted not in raising the price of cattle but rather in depressing it, but I am inclined to think this may be only temporary, and I trust that in the end some measure of real benefit will accrue to these hard-pressed men who deserve some assistance.

In the course of the debate a good deal has been said with regard to the protection of industrialists, the implication being apparently that when you protect an industry you are apt, for some reason or another, to ruin the agricultural population, its activities and endeavours. Speaking for my county, we depend very largely upon the home market. A market within twenty-five or thirty miles and comprising nearly 700,000 people is one which our farmers are anxious to maintain and extend, and I commend this thought to the hon. member for Marquette (Mr. Glen), who spoke so eloquently the other evening, and whose facts were so well marshalled. When he speaks about protection to industrialists he should remember that our farmers do not all feel as he does. Indeed, we regard the protection of industry as a means of protecting and extending our market for our own farm products.

Let me say a few words with regard to the cut flower industry, of which we have heard so much, and of which no doubt hon. members will hear more as time goes on. The flower industry is one that has come in for a good deal of publicity in the house. There are at present in the town of Brampton about a dozen operators of greenhouses. The largest greenhouse there employs 300 men the year round and there are some others employing altogether a total of nearly 300 more. In other words, about 600 persons are engaged in this industry. Since the initiation of the Canada-United States agreement representations have been made to the Minister of Finance (Mr. Dunning) by the largest greenhouse operators in my town, and in addition to these there have been representations, couched in no uncertain terms, by one of the prominent government supporters in Brampton, directed not only to the government itself but to nearly all private members of the house. However I do not wish to speak with reference to this particular aspect of my subject from the standpoint of the operators especially in the town from which I come; I would rather direct my remarks from the point of view of the 600 working men in whom I am intensely interested and who are anxious that the solvency of these enterprises in our town shall not be endangered. It should be the desire of every member of parliament; it should be and I hope it is the desire of the government to see that the standard of living and the wages of these men engaged in the cut flower industry shall be so raised as to enable them to live in the way they so richly deserve to do. I suggest therefore that in the legislation now before the house, by virtue of the United States gaining the advantage of the intermediate tariff which allows flowers to come into Canada free of duty, no appreciable move is being made by the government towards the goal of a higher standard of living for the men engaged in this enterprise.

Perhaps I might be allowed to dwell for a moment on the history of this business. Before 1930 there was a tariff of 17½ per cent on flowers coming into Canada from the United States. Early in that year the present Minister of Finance, in his famous budget, raised the tariff to twenty-five per cent; as a matter of fact, at that time by virtue of the countervailing duties which he also employed, the tariff was increased to a maximum of forty per cent. At the same time there was a duty of forty per cent against our flowers entering the United States. At that particular time, as I find by reference to Hansard, the Minister of Finance, in explanation of the increase in the tariff, stated that it was in consequence of a consideration of the matter by the tariff board. The board had considered it and for that reason he desired to increase the duty. When the present leader of the opposition (Mr.

Bennett) came into power in 1930 the general tariff item on flowers entering Canada was placed at the forty per cent mark, so that since that time flowers, both those coming from the United States and those going from Canada to that country, have had a duty of forty per cent. However, for some reason the intermediate tariff has been free; and the United States having gained the advantage of the intermediate tariff under this agreement, we find that flowers from that country are coming into Canada free of duty while our flowers are still subject to a forty per cent duty going the other way.

Climatic conditions are very much against greenhouse operators in Canada. For example, in one plant alone in Brampton, in order to overcome climatic conditions an expenditure of $180,000 per annum in coal is necessary to take care of that large area of greenhouse space. If, therefore, there is any adjustment in the tariff we should be entitled to something better than the Americans enjoy with regard to their flowers coming into Canada, instead of having the tariff lower on flowers coming in and higher on those going out. This makes imperative an adjustment in the legislation to be subsequently brought down.

While operators in other centres in the last few years have been experiencing hard times, a number of them having gone into liquidation, operators in the Brampton area have been able to keep going. These are not what might be called fly-by-night concerns, nor are they industries which might be regarded as "children of protection" alone, because as a matter of fact they did not grow up under protection. We are producing in Canada about one million dollars' worth of cut flowers, and that, I submit is something which the government should take into consideration. But what did we find in February of this year? In one of the largest departmental stores in Toronto there were roses—perhaps not as good as ours, because there are no roses as good as those grown in Brampton—selling at twenty cents a dozen, I am told, very many times less than it costs our people to produce them in the town from whence I come. I do not particularly rely on figures, because they may prove almost anything, I believe, but the imports of cut flowers from the United States in January, 1936, as compared with imports of cut flowers in January, 1935, actually showed an upward trend of eighty-five per cent.

I hope always in this house to try to approach these matters as far as possible without partisan bitterness, because it is something which to my mind is inexcusable. But I cannot emphasize too strongly the imperative need of something being done for these florists when the budget is brought down. If it can be done before that, it will be very greatly appreciated so far as our industry is concerned. When the Minister of Finance is fixing up these items in the budget I suggest that he should not fraternize too closely or take too seriously his friendship with the hon. member for Selkirk (Mr. Thorson) who sits over there and who delivered the other evening such an inspiring and excellent address, except for one point when he appeared to be a little anxious that the intermediate tariff should not be raised on any items. I have in mind the florist industry, in which I am very much interested, so I suggest that the Minister of Finance see to it that when this item is being discussed the hon. member for Selkirk is somewhere else in the building.

I should like to draw attention to another branch of agriculture in which I am particularly interested and in which many people in Peel are involved, although it is not particularly confined to my riding alone. I refer to the fruit and vegetable business, which has also become a great industry in other parts of the Dominion of Canada. It occupies, however, a prominent and important place in the activities of the people of our county. We have in the county from which I come between eight and nine thousand acres under market gardening and fruit farming cultivation located in an area in the township of Chinguacousy, around the village of Huttonsville, and also the southerly part of the riding, which contains many market gardeners and fruit growers who are trying to eke out an existence. The whole industry seems to indicate that hard work and uncertain returns are inevitably involved in the business. Last summer, when I was out making a few calls for certain reasons which may be apparent to some members of the house, coming across many of the market gardeners and fruit growers, and seeing the hard work which they had to do, I thought to myself: Why, you are heroes in your fight for economic independence. Coming from a dairy farm as I did, and realizing what a great tie that is to people who have to attend to milking night and morning and be on hand year in and year out, I came to the inescapable conclusion that, after all, the dairying business had only one parallel in so far as hard work is concerned, and that was the fruit and vegetable industry.

So we must remember that in attacking a problem of this kind many factors must be taken into consideration. I do not wish in

any way to repeat the arguments which were so eloquently put by the hon. member for Yale (Mr. Stirling) the other evening. There are two reasons why I shall not do so. The first is that, as I see it, there has been up to the present time too much repetition of arguments in the House of Commons. The second is that I am afraid, in contrast with the eloquence with which he presented his case, I might be found to be a very poor parliamentarian indeed. However, I should just like to say this much, that in so far as climatic differences are concerned it means that growers of fruit and vegetables in the United States of America have two high class markets and one low or medium class market. The difference in climate, the fact that actually they are able to produce earlier in almost every instance, gives them a high class market in the United States and provides them also with a high class market in Canada if they are allowed to bring their stuff in here and sell it. That means, of course, that special protection is required for this branch of agriculture.

In 1926 the government of the day, under the leadership of Right Hon. Arthur Meighen, brought in legislation which helped the fruit and vegetable growers very materially; it helped them by applying a dumping duty in so far as these perishable commodities were concerned. I will not go into what happened after that; but in 1930 it was necessary that the dumping duties be applied again. From 1930 to 1935, under the government of the present leader of the opposition (Mr. Bennett), the fruit and vegetable men, while they complained somewhat because the restrictions were not higher—and perhaps legitimately complained as to that—were reasonably satisfied in so far as the protection they got was concerned. A number of them told me that they believed it was really a Godsend to them that the dumping duty was imposed. The only complaint I received so far as that was concerned was that the growers believed that in some instances it might have been applied a little more strongly and, perhaps, a little earlier.

I had hoped that when the terms of the new agreement were tabled they would disclose that the fruit and vegetable growers would receive that additional protection through the strengthening of the tariff regulations so far as their products are concerned. Broadly speaking, the tariff on fruits coming into this country has been reduced from twenty to fifteen per cent, and on vegetables from thirty to fifteen per cent. However, I may say, in all fairness, that the tariff is not perhaps the most serious matter that has to be contended with. I am told by one grower, however, that it does and will affect the sale of beets and carrots later on in the year. The tariff reductions would not be so bad if compensating advantages were given under this agreement in so far as dumping duty regulations are concerned. When the government has taken off the dumping duty regulations from some of the fruits and vegetables its hands are tied to some extent in so far as the application of the duties on the balance goes. I am not sufficiently well versed, perhaps, in the details of the industry to say just how far that may go, but certainly much concern is felt among those who are actually and intensely interested in the success of the industry. I should just like to point out and to recommend that in so far as the power is left in their hands, the government shall not only apply the provisions of the anti-dumping legislation severely and restrictively, but shall apply it in time to save the market, which is a seasonal one, for these perishable fruits.

I want to refer particularly to three articles in which I am specially interested. The growers of my constituency produce large quantities of asparagus. I have a letter from one of the large growers in my riding saying that one of the canning companies bought last year a large proportion of the asparagus crop at ten cents. To-day six cents, he says, is the price likely to be paid, because the canning companies are not going to make contracts with the farmers, when they feel that perhaps the supply can be obtained from growers in the United States.

Mr. CLEAVER: May I ask the hon. member: Is he aware that during the last week the canners have signed up for the asparagus crop of this province at ten cents a pound?

Mr. GRAYDON: My latest information is that the canning companies have not signed up for the whole crop. Certainly from the information I have they have not signed up for the crop of this grower in the county of Peel. Certainly, if the statement of the hon. gentleman were correct, I would gladly suffer any humiliation on the floor of this house to see it come true.

The growing of strawberries is also an enterprise of great importance in my constituency. This fruit is a perishable commodity; it must be sold quickly and at a particular season. Therefore, when the public taste is satiated by berries from the United States the market is left in a very unreceptive state. Only well regulated and properly timed dumping duties can save the strawberry market for the growers of such a constituency as I

represent. I have a letter from one of my constituents saying that he is fearful that the great markets of Winnipeg and Montreal will be largely taken away from the strawberry producers of that county. Another large producer of fruit and vegetables in my riding says that a commission merchant in one of the large cities of Ontario has contracted to purchase seventy-five carloads of strawberries, and under the new tariff regulations $200 will be saved on every carload.

Another branch of the vegetable growing industry is the production of potatoes. Our county produces potatoes of excellent quality. Before this agreement went into effect potatoes coming from the United States paid a duty of seventy-five cents per hundred pounds. Under this agreement the intermediate tariff applies and potatoes enter free of duty. Not long ago I was talking to one of the large growers in my constituency. He said that he was in the United States viewing some of the agricultural districts there, and in one of the southern states he saw an area of potatoes stretching as far as the eye could see, in bloom, many weeks earlier than our crop. This agreement puts the potato growers of Canada, and especially of the county of Peel, in a very difficult position. May I make this suggestion, that when the budget is brought down special attention should be given to the question of raising the intermediate tariff on potatoes to the rate at which it was before? And I ask the Minister of Agriculture (Mr. Gardiner) to consider a suggestion which I think could be easily carried out. One of the growers in my county writes me saying:

> A lot of people do not think that potatoes imported will hurt our prices as the freight on them will be heavy. I see this matter at a different angle being a grower of about ten acres every year and in touch with markets frequently. In the first place the grades are not similar. Our Canada No. 2 is every bit as good as their No. 1, therefore the American grower will be able to put on the market a so-called No. 1 grade of potatoes considerably cheaper than we can, and pay freight and still realize as much for their potatoes as we do according to Canadian grading. I would like to see the American growers compelled to grade their potatoes according to Canadian specifications if they expect to sell them in Canada, then we would have fair competition.
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> Secondly I do not expect that there will be any encouragement for the Canadian potato growers to try and have their potatoes early, as the market no doubt will be flooded with American potatoes before we have them fit to dig.

One other suggestion, and that is in regard to the dumping regulations. I suggest that there should be some permanent orderly regulation in regard to the fruit and vegetable industry, so that a man who plants his crop in the spring may be able to plan and see a year ahead and have some reasonable certainty as to results. I leave that suggestion, as the hon. member for Témiscouata (Mr. Pouliot) said the other day, on the doorstep of the government.

I am not desirous of placing unnecessary obstacles in the way of a government which has such heavy responsibilities and duties. I take my stand against this agreement only in protest against the treatment which has been accorded to the industries I have mentioned. It is my conscientious hope that the rest of Canada may receive greater benefit under this agreement than it would appear on the surface that the county of Peel is likely to enjoy. No one in the house will be happier than I shall be if this agreement proves to be a step towards Canadian economic recovery, as I have no doubt the government honestly and conscientiously believe it will be. I do not agree with the policies instituted by the government in its efforts to stimulate trade because I believe in protection for our people, but at the same time I say to the Prime Minister and to his government: God speed, and let us see if something concrete can be done for the people of this whole dominion who so richly deserve improved conditions.

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, there has to be a first time for everyone, and this is mine. I do not rise to address the house with that feeling of temerity which I think I ought to have. On the contrary my feelings at the moment are quite the opposite of temerity. However, I have observed the very kindly attitude displayed by hon. members and particularly yourself, Mr. Speaker, to the various new members who have spoken so far this session. What I have seen emboldens me to rise at this time to address the chamber.

Nor am I vain enough to believe that anything I have to say is of transcendent importance. I am quite well aware of the fact that anything I may be able to say upon this important trade agreement has either already been said by others or could be stated by other hon. members more adequately. Nevertheless the electors of Winnipeg South Centre did me the honour of sending me here as their spokesman, and I owe it to my constituents to endeavour to express in the best fashion of which I am capable their opinions upon this all-important matter.

I would be doing less than justice to my constituents if at the outset I did not express their appreciation of the promptness with which this agreement was effected, as well as their satisfaction with its broad general lines.

During the election campaign the gage was thrown down in the words, "Vote Liberal and get action." The people of Canada took up that gage. When the Prime Minister returned from Washington it had been redeemed. This type of action marks a new day for Canadians, and as a result of it naturally the people are imbued with a new hope.

As has been stated many times the agreement is designed to benefit all consumers and many producers. I look at most questions from the viewpoint of the consumer. Cheapness is a corollary of abundance and dearness follows in the train of scarcity. Naturally we want cheapness. It seems to me that in the past more attention would have been paid to the needs of consumers if the consumers, as such, had been organized in the way many producing groups have been. I conceive it to be my duty to endeavour, in some small measure at least, to destroy what has been called the inarticulateness of the consumer of Canada.

Leaving that for the moment, however, and glancing at the agreement, can we seriously doubt that certain producing groups will be benefited by the operation of its schedules, particularly when we remember that in the lumbering industry, for instance, the duty on logging apparatus has been reduced by twenty-five per cent. We get further satisfaction when we see that lumber and timber are given access to the great markets to the south of us, and enjoy fifty per cent less impost than had been the case for several years, during those years, in fact from the time when the last administration goaded the United States government into effecting retaliatory measures against us.

Some time ago I read the story in the Manchester Guardian respecting the lumber industry and I should like to quote from it briefly. The article to which I refer is found in the issue of January 5, 1934, and is, I believe, one of the many sad stories of the last five years.

When the Bennett government took office in 1930 the United States market was open to Canadian lumber. The duty was one dollar per thousand feet, and on an average Canada exported $20,000,000 worth of softwood annually and imported $2,000,000 of hardwood. The hardwood manufacturers of Ontario applied to the Bennett government for tariff increases to keep out this hardwood, and in April, 1931, the "Canada First" policy was applied by the imposition of arbitrary valuations. In the following June Mr. Bennett imposed a one per cent primage duty on imports, including lumber. This was followed by an order of the national revenue department in August, 1931, reducing the discounts allowed to the United States hardwood manufacturers, and in November by dump duties against United States hardwood doors.

[Mr. Maybank.]

These successive affronts brought retaliation by the Washington government. The duty on Canadian lumber was increased by one dollar per thousand feet. The Bennett government, realizing their error, endeavoured to placate Washington by withdrawing the primage duty. The other tariff increases, however, were retained.

In June, 1932, congress took the final step in retaliation and increased the duty on Canadian lumber from one dollar to four dollars per thousand feet. The effect was ruinous to Canada. Exports in the fiscal year ended March 31, 1933, fell to the incredibly low total of 235,528,000 feet.

The article is headed: "The tariff that lost a market." Happily this sort of action is now a thing of the past.

Mr. BENNETT: I suppose the hon. gentleman knows that is incorrect?

Mr. MAYBANK: I have been quoting an article from a reputable journal. If there is anything incorrect about it I believe the right hon. gentleman will have another opportunity during the session to deal with it.

Mr. BENNETT: It happens to be against the rules of the house to read articles, but the member being a new one I did not raise the point. It was not all tariff; it was in part a tax under the Special War Revenue Act.

Mr. MAYBANK: I should not have objected if the rules of the house had been drawn to my attention, no matter how new I may be. I am quite conscious of all the right hon. gentleman has said with respect to my newness. However I do not think he quite does himself justice when he rises after the fact to tell me something that I should not have done, and questions it. After all, he cannot have it both ways.

Nor do I think it can be doubted that, normally, a reduction in tariff, such as we see before us in connection with agricultural machinery, would be of benefit to the agriculturists of Canada, despite the price increases about which we have heard in this chamber during the present session. Of course the answer to the price increases, lest there be any doubt as to whether taking off the tariff can raise the price—and of course there is no doubt—is to take the balance of the duty off, and to obliterate every sign and trace of tariff upon agricultural implements.

For my part I like to translate trade movements into hours of work rather than deal with them in millions of dollars. We speak of millions of dollars of imports and exports, but sometimes when discussing them in these monetary terms we lose sight of the amount of work lying behind each dollar's worth of

goods moving out of or into a country. If we were to examine the lumber industry, or the manufacturing of shingles, we would find that the total amount of work lying behind a carload of shingles is rarely appreciated. The number of man-hours of labour connected with the felling of a tree and getting it to the skidway is appreciated by few people. Prior to the logs reaching the sawmill a very great number of man-hours of labour are involved, and then afterwards it will take two or three hours per day of two or three different men's time to get the first thousand shingles off any one log. After that, it will take three or four men supplying three or four more men to pack about sixty thousand shingles in a day, and after several days of that sort of work a carload results.

Then commences the next train of work: A man examines the car, the waybills are made up; the different items in the car are checked, and finally five men will be employed in pulling the car out and bringing it to where it will eventually be hooked up in a train. There the whole process of inspection is gone over again, and the car then starts to move to its destination. Consequently, when we talk of millions of dollars of exports, this involves millions or many hundreds of thousands of hours of labour, which is represented by the figure first mentioned. Similar to that is the process in respect to imports.

In addition, when we read these import and export figures, we have to take into account the money which is spent in the various stores after the wage earner has given the money to his wife, perhaps, so that she may do the spending. It seems to me that that ought to bring home to us that the only depression breaker that ever did or ever will have any efficacy, is the exchange of commodities, and if we cannot have that, no depression will ever be broken.

I should like to draw to the attention of the house certain figures which came to my attention last year and which I found in the reports of the League of Nations. They show the contraction of trade throughout the world as thirty-one per cent below normal, and at the same time the employment figures represent employment as being thirty per cent below normal. It seems to me that these figures are striking and ought to bring home to us, if anything can, the fact that it is exchange of commodities, and exchange of commodities alone, that makes for any appreciable amount of employment.

As I have said, my chief interest is in the consumer. I am interested in the getting of goods as cheaply as possible. However, from the viewpoint of the primary producer it seems to me that we should always have a tariff low enough to allow sufficient goods to flow into this country to pay for the products for which our primary producers have to find a market abroad. Whenever we find that our primary products, the products of the farm, the forest and the stream, are not moving out of the country as they should, then tariffs should be lowered to invite these payment-commodities to come into the country and assist in getting our own primary products out.

I confess I do not hold strongly with the idea lying behind such expressions as "quid pro quo." "concessions," and so forth. I regard lowering of tariffs, generally speaking, as good in itself because it tends towards the movement of trade. As far as I am concerned I am only sorry that the tariff cuts made in this treaty are not greater.

Some fear has been expressed that the balance of trade between us and the United States may be unfavourable. Surely we do not have to have a favourable balance of trade with the United States or any other particular country. I had thought that idea had long since been exploded. I must confess I was considerably humiliated when I read the communication of Secretary of State Cordell Hull in 1934 to the then Prime Minister (Mr. Bennett) of Canada, in which he found it necessary to inform the then Prime Minister that the settlement of international indebtedness was often roundabout. It would seem from the wording of that letter that the Prime Minister of that day was not aware of that fact, of which most students of economics most certainly are aware.

Equally meaningless, it seems to me, are criticisms of this agreement based on any argument as to per capita purchases. We have been told, for instance, that we purchase from the United States $28.86 worth of goods per capita per annum, and that they only purchase from us $2.23 worth of goods per capita per annum. So what? What does this prove? It does not prove anything. It is one of those propositions that when you state it it means nothing. If we take the whole world as one country and Canada as the other, we find that we buy $55 worth of goods per capita from the world, but treating that world as one country we find that they buy from us only an infinitesimal amount per capita as compared with that $55. Is it then to be concluded that we shall not deal with that other country, which is the world? The idea is preposterous.

I do not particularly wish to obtrude on the attention of this house anything with relation to myself and my own family. but perhaps I might be permitted to do so to illustrate my argument. I happen to be one of a family of five—three children, a wife and myself.

An hon. MEMBER: Four.

Mr. MAYBANK: Four and a half, anyway. Suppose I go down to Utah and start a grocery store there, and that the present head of the Brigham Young family—you know Brigham Young had a great many wives and a tremendous number of children—comes to me and says, "Maybank, if you will undertake that every member of your family will buy from us $50 worth of goods per annum I will see that the Brigham Youngs buy fifty cents worth per capita per annum from you." Do you think I would not jump at the chance? I would not worry about the disparity between $55 per capita on the one side and only fifty cents per capita on the other, if I could get fifty cents each from that immense number of people, because I believe by now the Brigham Youngs are an immense number.

No; we do not have to worry about the balance of trade with any particular country. We all know now; we have learned to our sorrow in the last five years, that we cannot sell if we do not buy, and that people outside cannot sell to us if they will not buy from us. Naturally I shall support this treaty because it is the one bright spot in the fiscal policy panorama of this country for a great many years.

For just a moment I should like to refer to the subject of publishers and magazines. This is one of the matters referred to by the hon. member for Dufferin-Simcoe (Mr. Rowe). The hon. member was very much against letting in American magazines. He referred to their teaching a foreign culture and a different patriotism, to their being published by people with a national outlook which varied from our own. I want to say to the hon. gentleman and to all hon. members: The way to help the publishing industry of this country is by removing some of the impediments from which the industry is suffering. Recently I received a little publication from an agency which apparently represents the Canadian publishing trade and I had in mind placing upon Hansard a part of the argument cited here. A short time ago I apparently transgressed the rules of the house and I do not want to repeat that mistake. If I am wrong in reading this I hope, sir, you will stop me. Apparently this is a reproduction of an article which appeared in my own paper, the Winnipeg Free Press, and is signed "H. B. G." I really intend to adopt this article as my own argument; I am not quoting it exactly as an authority. It reads:

> We are told that while the American publisher has a much larger market for his product than the Canadian publisher, the latter is also handicapped in having to pay more for his paper, his inks, his type, his machinery and other supplies because of customs tariffs and sales taxes that are not borne by his United States competitor. He pays a high postage rate, owing to the increase during the depression. On everything that enters into the production of a magazine, say the Canadian publishers, there is high protection and heavy taxation.
>
> This is the work of the previous administration at Ottawa, which could never conceive it possible to go too far in providing protective devices. But since the attempt to ban the entry into Canada of American magazines was an entirely mistaken policy and one inimical to the intellectual and cultural interests of this country, and has now properly been reversed, it is only right that the duties on the equipment and supplies of Canadian publishers should also be removed or greatly reduced.

I commend that to the attention of the hon. member for Dufferin-Simcoe and to all other hon. members.

I do not think we need to worry about foreign culture or foreign influence. I suppose we are affected somewhat by these magazines which teach a foreign culture and a different patriotism, but this effect is not very great. After all, Canadians are fairly impervious to influences of that sort. The Canadian people were not affected very much by the American influence with which they were confronted for two or three months before the election. For instance, they were completely impervious to the jargon sent over the radio by Mr. Sage. That was an instance of a Conservative importation of foreign culture, and, far from doing harm, it did the Canadian people a lot of good. I hope it proves to be a salutary lesson to the Conservative party.

We do not need to worry about foreign culture. We are a hardy people; we are a characterful people, and we are quite capable of carving out our own destiny and developing our own character. We may as well make up our minds anyway that we cannot keep out American influence by stopping American magazines. This is impossible when as a part of our daily lives we have the automobile upon the open road, the movie and the radio. Nothing can be done about the matter; we must rely upon our own characters and I believe the character of the Canadian people is sufficient to withstand these successive shocks.

As I have said before, I am sorry that the tariff cuts are not more extensive. Instead of the duty on agricultural implements being reduced by fifty per cent, I would prefer to see the tariff wiped out altogether. I consider the tariff on automobiles is entirely too high and that a fifteen per cent combination of imposts would be plenty. I would like to see the gasoline racket stopped completely by putting that commodity upon the free list.

I used to be a lumberjack in British Columbia and at that time I came into contact with that union about which we sometimes hear, known as the I.W.W. These boys would stage a strike for practically any one of the reasons for which a man takes a drink and they were ready at any time to stage a strike for any other reason. Often when they staged one they used to walk down the valley singing, "There'll be pie in the sky when we die." The people in my constituency are not interested in "pie in the sky when they die." They want the benefits of Liberalism right away. They want to be able to pass on a heritage to their grandchildren, a heritage made possible because of Liberal policies put into effect to-day. We want to start with the Dunning tariff of 1930 and proceed from there on.

While this treaty does not go as far as I would like it to go, nevertheless it is wholly good. It does not preclude us from further gifts to ourselves by way of additional tariff reductions. I had intended to refer to certain figures indicating the improvements in trade in the month of January of this year as compared with January of the year before. I believe however that in the main they have already been placed on Hansard. But it is obvious to everyone that both in imports and exports trade in the month of January greatly increased over the previous January, and that, as the Prime Minister has said, was the result of only a partial operation of the treaty. When we again translate figures of that sort into working hours we see the great importance of trade as a means of relieving depression.

I regard this trade agreement as being wholly good because it is the first step; because in the mind of the leader of the opposition, although he would not say so, it marks a new orientation to the fiscal problems of this dominion. I am further glad to support the agreement because of the example it is to other countries. Five years ago the whole world except Canada was mad with the disease of economic nationalism. Then we followed the multitude to do evil; in fact, in the last five years we overtook the multitude and committed more sin than did most other nations. But now fortunately economic sanity has returned and it is my hope and belief that by this act we shall influence other nations back in the direction of economic virtue to the benefit not only of those nations but of ourselves and to the general advantage of all with whom they and we respectively live, move and have our being, commercially speaking. For all these reasons I am happy to support this treaty.

Mr. A. J. BROOKS (Royal): I shall take a few minutes only in discussing this trade agreement, which is of great importance to the people of Canada. It is an agreement in which we are all particularly interested. It is not my intention to discuss it from the general standpoint because I do not consider myself qualified to do so, but I should like to consider it from the point of view of those provinces of which I have the honour to be one of the members—the maritimes.

It is interesting to know that according to the last census the population of Canada has become more urban and less rural, but this fact does not apply to the three Atlantic provinces; we are more rural than urban. The census of 1931 shows that the population of Prince Edward Island was 67,653 rural and 20,385 urban; Nova Scotia, 281,192 rural and 231,654 urban; New Brunswick, 279,279 rural and 128,940 urban, or in the maritimes a total rural population of 628,124 and a total urban population of 380,979. I quote these figures to show that we in the maritime provinces are distinctly a rural population and are primary producers. The great industries of the maritime provinces are fishing, lumbering, mining and forestry, and any agreement which is made, if it is to benefit us, must give us some benefit in these primary industries that I have mentioned.

Let me take first the great industry of fishing. It is a fact which is well known not only in this country but throughout the world that the maritime provinces of Canada possess the greatest fishing area to be found anywhere in the world. It is an old industry, one of the first to be established on this continent; for we all remember from our history that in the days of Cabot men came from England, France and other places across the sea and reported that fish were so plentiful in the northern Atlantic ocean that they could be gathered up in baskets. We have over 8,000 square miles in the bay of Fundy and 200,000 square miles, or over four-fifths of the fishing ground, in the north Atlantic, and in addition to this we have 15,000 square miles of inshore waters entirely controlled by the dominion. Besides this great extent of

fisheries we have, I believe, the best fish to be found anywhere in the world. I say this because it is well known that the colder the water the better the quality of fish, and as you go north in the northern Atlantic and up among the maritime provinces you find, with the purity and coldness of the water, a better quality of fish, including cod, herring, mackerel and salmon. In this great industry some 40,000 fishermen are employed. This will indicate to some extent the importance of the industry. Taking five members to a family—and I am not taking a Brigham Young estimate now—there are about 200,000 people dependent on the industry in the maritimes, and a capital of $16,138,728 is invested in the fisheries of New Brunswick, Prince Edward Island and Nova Scotia.

I have laid this foundation to show the extent and greatness of this industry which we have in the Atlantic provinces. It is well known that in the last five or six years the industry has been in a very bad condition. Markets have not been good, and there is no class of people in the maritime provinces —and I doubt whether there is in any other part of Canada—who have suffered more than have the fishermen. Not only have they lost tens of thousands of dollars' worth of equipment, but in 1934 many lives were lost. It is a very hazardous occupation; I doubt whether there is any more hazardous. These men therefore should be well compensated for the work they are doing. I am safe in saying that in the last few months, or prior to October 14, the maritime provinces were promised that in the event of a reciprocal agreement being brought about with the United States they would be one of the first sections of Canada to be considered, and that they would receive great benefits from such a treaty.

In any reciprocity treaty which has ever been mentioned through all these years it will be found, if one will take the trouble to study the history of the proposals and agreements, that the fisheries of the maritime provinces was, or was supposed to be, one of the first considerations as regards any agreement. In this connection I should like to quote the remarks of an hon. gentleman who a short time ago was a member of this house and who to-day I congratulate upon having been elevated to the Senate; I refer to the Hon. William Duff. Senator Duff has always been greatly interested in fisheries in his native province, and on many occasions has spoken in this house as to the great benefits which would be derived by the fishing industry from a reciprocity treaty with the United States. At different times he brought in several resolutions, and in speaking to a resolution which he presented on February 20, 1933, he gave expression to these thoughts:

> My hon. friend asks who imposed the duty; the United States, of course.

Then he goes on:

> Now, in my opinion, with the Canadian fisheries in their present condition—

And he had told the house of the deplorable condition of the fisheries at that time:

> —there is only one salvation for them, and that is for this government—

And he was exhorting the Conservative government of the day:

> —to make a trade arrangement with the United States so that our fish might go into that country.
>
> We hear a good deal about trawlers nowadays. I have no time to go into that question to-day, but if we had the United States for a market there would not be very much talk about trawlers because the trouble to-day is that Canada is a very small market. Great Britain is too far away from us, being some twenty-five hundred miles across the water, and they have their own source of supply so far as fish is concerned, so that practically the only market open to us now, to which we can extend our business, is the United States. I need not say that the fisheries of this country are in a deplorable condition, and I appeal to the government to do everything they can to help the industry. There is no question about it that there is a great opportunity for the government as well as for the fishermen of Canada.

Then he goes on to say:

> I think the time ripe for something to be done if we are to be clear of our surplus product. This is the time for the government to enter into negotiations with the government of the United States.

That is the exhortation which was given to the Conservative party in 1933. On Februrary 19, 1934, Mr., now Senator, Duff brought in his resolution again. At that time he said:

> If an arrangement could be made whereby certain goods from the United States were permitted to enter this country free of duty while the fish from lake Winnipeg, the great lakes and the Atlantic and the Pacific could enter that country free of duty, the fishermen of Canada would be in a much better position than they are to-day. In my opinion, this government should do everything possible to see that this is done.

I quote this to point out that Senator Duff was voicing the opinion of the maritime provinces as regards fish.

A reciprocity arrangement has been entered into, not by a Conservative government but by the government opposite, a Liberal government, and I should like to ask if Senator Duff's recommendations have been carried out by his old government. I think the facts will prove very much to the contrary.

I should like to refer for a few minutes to some of our leading fish. In this connection may I say that I am sorry that the hon. member for Queens-Lunenburg (Mr. Kinley) is not in his seat. I was surprised to hear him, in this house a few days ago, tell us that he was the representative of the best fishing county in the maritime provinces and also in Canada, and say that he supported this reciprocity agreement. We find that in Nova Scotia lobsters are the greatest fish product of the province. In 1934 the catch was 18,459,000 pounds, and the market value $2,461,784. As was pointed out by the hon. member for Queens-Lunenburg, this fish has always entered the United States free.

It is well known that we in the maritime provinces and Newfoundland produce practically all the lobsters in the world. We have the finest lobsters that are found anywhere. The only lobster, I believe, that is found outside of Canada is one called the spiny lobster, which in reality is not a lobster at all. Lobsters are entering and have entered the United States free, because the Americans want our lobsters, and I think we shall find in reviewing any agreement with the United States that anything the Americans want from us they allow us to send them free, but anything about which we wish to bargain, it is a very hard matter to make a favourable bargain.

The cod is a fish which is produced in great abundance in Nova Scotia, New Brunswick and Prince Edward Island. As a matter of fact, cod is the second largest fish product of the maritime provinces, and our fishermen hoped and expected that it would have been included in the agreement with the United States. But there is a duty, and a heavy one, on cod, and it is because of this duty that many of the fishermen of these provinces are in the deplorable condition in which they find themselves to-day. We expected that the government, in making an agreement with the United States, would take this into consideration and secure the removal of the duty.

The hon. member for Queens-Lunenburg, in speaking the other day, said that he understood one reason why the duty was not taken off cod and haddock was because we had allowed English anthracite coal to come into this country, and that coal was the commodity which the Americans wished to barter in exchange for our cod and haddock and other fish. I think this is a very far-fetched argument, because we all know that in Walkerville, Ontario, for instance, the liquor producers have been given the opportunity to ship at a greatly lowered duty millions of gallons of whiskey into the United States, and I have not heard that any quid pro quo was demanded as far as whiskey is concerned. It might also be pointed out as regards fisheries in the maritime provinces that the government, on account of the market now opened to the American manufacturer in the maritime provinces, containing a population of over a million, could have very well exchanged our fish for the manufactured products which we shall undoubtedly receive from that country.

I could go on down through the list of fisheries in these three provinces, but it is not my intention to do so. The list is long. I have pointed out that the great fishing industry in the maritime provinces was not considered at all. They speak about swordfish; we all know there is very little export of swordfish to the United States, we know also there is still a duty on swordfish. As to herring, the great market is not in the United States but is I understand, in the British West Indies. Then there is the small herring used in New Brunswick for sardines. Sardines have not received any benefit under this agreement. Sardines form the greatest fisheries export of New Brunswick. In 1934 it amounted to 41,458,200 pounds, of a market value of $1,087,674. These were not exported to the United States, because the United States impose a heavy duty on our sardines in order to protect the sardine canneries of Eastport and the Maine coast. As far as the fisheries of New Brunswick, Nova Scotia and Prince Edward Island are concerned they gain nothing from this agreement, although they were led to believe they would receive much.

It is a small step from fish to potatoes. I am not going to say much about potatoes to-night because that subject has already been pretty well covered. I was amused when the hon. member for Peel (Mr. Graydon) in his excellent address spoke of a ten acre field of potatoes. I may tell my hon. friend that in my province of New Brunswick a ten acre field of potatoes is just a back yard garden. We grow potatoes there by the hundreds of acres. In the county of Carleton, New Brunswick, whose representative (Mr. Patterson) I see in the house—and he can verify what I say—it is not uncommon to see fields of potatoes of one hundred acres and more. What do we find in regard to potatoes since this agreement came into force? The potato farmers of New Brunswick are not receiving any benefit under it; very much the contrary.

In that connection I wish to read a statement from the Carleton Sentinel, a paper published in the county of Carleton in which many potatoes are produced:

A move is now on foot, sponsored by the New Brunswick Farmers' Industrial Organization, to have a countervailing duty placed on American potatoes, which under the existing regulations may be imported into Canada duty free. Apparently this phase of the new reciprocity treaty was not regarded as important, as it would be only on rare occasions that American potatoes could be imported as cheaply as home produced stock could be purchased. It is generally supposed that should such a thing happen as a flow of potatoes starting from the south, the government would act at once and place a countervailing duty in effect, such as prevailed prior to 1930.

A situation has arisen, however, which was probably not foreseen. Potatoes are now a fairly good price in Canada and it is thought they will go higher, possibly to a price above that in the United States. For that reason dealers on the receiving end are believed, correctly or otherwise, to be watching the market very closely. This has caused some unsettlement of the market, particularly as recent court decisions south of the line will have, it is thought, a depressing effect on the Canadian market.

We believe the federal government would do well to accede to the wishes of the farmers, and put on a countervailing duty as soon as possible.

Then another article in the Hartland Observer, also published in that county, says:

A letter from Windsor confirms the fear that United States potatoes under the treaty would compete unfairly with ours. The writer says, Michigan potatoes are being marketed at 40 cents per bag cheaper than ours, and adds that but for the fact that Canadian dealers are as yet chary about handling them to the detriment of Canadian prior contracts, there would be a brisk trade for American spuds in Ontario. Canadian farmers are being made philanthropists to their American cousins.

I received also a letter to-day from a gentleman who is a very large exporter of potatoes in Carleton county, Mr. Hatfield, who claims that there are being sold in Montreal and Quebec, Maine potatoes, called "commercials," of a grade not marketable by Canadian farmers. He also says that Maine potatoes are crossing daily from Van Buren into St. Leonard free of duty under the provisions of the new trade pact with the United States. I quote this to show that as far as potatoes are concerned—and in my province we are large potato producers, as they are in Prince Edward Island and to a less degree in Nova Scotia—we receive no benefit from this agreement for this primary product. Someone may say that the seed potatoes receive some benefit. That is true, but it is not the seed potato that is the great commercial potato of the maritime provinces, and it is not the seed potato producer, but the producer of table potatoes who needed protection.

I rather hesitate to say anything regarding small fruits, vegetables, apples, and dairy products, which we produce very extensively in our province and the other provinces by the sea. What has been said by previous speakers applies also to New Brunswick and Nova Scotia. We receive no benefit as far as these vegetables and small fruits are concerned. Our market will be open to the products of the United States, which will come in earlier than ours and satiate the appetite of the people in Montreal, Toronto and other places where we market much of our small fruits and vegetables.

Mention has also been made of the lumber industry. We in New Brunswick are greatly interested in lumber. Years ago the United States market was the best one we had, but on account of the duties which have been imposed against the lumber products of the maritime provinces that market was closed to us. The duty has now been lowered $2 per thousand feet, but anyone who is lumbering in New Brunswick to-day will tell you that it was not the producer of lumber in New Brunswick, but the consumer in the United States, who received the benefit of this lowering of duty, with the result that there is far less lumber being cut in New Brunswick to-day than there was a year ago. The only market we had is the market which we obtained through the Ottawa agreements. If it had not been for the Ottawa agreements, during the last three years the lumber industry in these provinces would have been practically dead. Only last week when I was home there were three ships loading lumber in Saint John, not for the United States but for England. A lumberman told me that he was selling one and a half million feet of lumber in England, and that during the last two or three years, and particularly since this agreement came into effect, he did not find it profitable to sell one stick of lumber in the United States.

Mr. RYAN: Will the hon. member tell us who told him that?

Mr. BROOKS: Yes, I will tell you any time you wish to know.

Mr. RYAN: Tell the house.

Mr. BROOKS: It is not necessary. Let me tell the hon. member for St. John-Albert (Mr. Ryan) that there are twenty-five members from the maritime provinces in this house and if they will inquire from their constituents they will be told that they have not received any benefit so far as this agree-

ment is concerned. It is a well known fact that under the trade agreement the cities of Saint John and Halifax stand to lose a considerable amount of trade. This was trade that under most favoured nation agreements was compelled to come through these ports. Now it may go to the ports of Boston, New York or other points along the Atlantic coast.

The hon. member for Queens-Lunenburg found something beneficial under the agreement. He said that as he was going through Nova Scotia he saw some men loading oxen to be sent to the United States to work in the woods. He added that it was a sight he had not seen for a long time. I can believe the hon. gentleman; may I add that probably it is a sight he will never see again. So far as we are concerned, the agreement is out of balance, and I believe people from our provinces will substantiate me in this statement. I was surprised to hear the hon. member defend the agreement. A few days ago, while making a speech in connection with seamen on British ships, he stated that he was particularly anxious to look after the interests of those men who went down to the sea in ships. I would say to him that there are thousands of men connected with the fishing industry in the maritime provinces who go down to the sea in ships, and I would ask the twenty-five members and the four ministers from the maritimes what was done in this agreement for those men who go down to the sea in ships in the fishing industry.

It is not my intention to say anything further than that, so far as the three maritime provinces are concerned, the agreement is very much out of balance. The reason there is such a large representation of government followers from the maritime provinces is that people down there were led to expect big things from the reciprocity agreement. They have been disappointed. Hon. members may have noticed that recently in the press there has been some talk of secession in the maritimes. May I say here and now that there is very little secession sentiment down there, but I do believe that during the last few weeks, born out of disappointment at the agreement, there has been secession talk. In the hearts of the people in the maritimes, however, there is neither the desire nor the intention to secede from the rest of Canada. We have made too great a contribution to the dominion even to think of such a thing. For the reasons I have stated it is my intention to oppose the agreement.

Mr. HUGHES CLEAVER (Halton): Mr. Speaker, I rise to take part in the debate with a deep sense of my lack of qualifications, but with a consciousness of the fact that if I did not raise my voice in support of the agreement I would be remiss in my duty to my constituents.

Before entering into a short discussion of some of my reasons for supporting the pact may I be permitted to extend to the hon. member for Peel (Mr. Graydon) my sincere apologies for interrupting him while he was speaking. I did not intend the interruption to be an act of discourtesy, and if he considered it as such I apologize. I know he will be just as pleased as I was to learn that asparagus growers are this year receiving from the canners ten cents per pound, and not the four or five cents the hon. member feared they would be receiving.

May I be permitted to comment briefly on the observations of the hon. member for St. Lawrence-St. George (Mr. Cahan). As I listened to him I could not but be deeply impressed by his sincerity and the experience behind his words, but I was surprised and almost startled to find that one of his experience in public life could be so far removed from and almost ignorant of the actual living conditions of the great mass of the common people, and I was further surprised to hear him express satisfaction with the trend of affairs in Canada in the last few years. Perhaps so far as our financial interests are concerned there is some reason for satisfaction, but surely when we consider the plight of our farmers and workers we find no cause for satisfaction. Great numbers of our people are on relief, with all its consequent hardship and distress. One worker in every eight is denied the right to earn for himself and his family an honest living. Without fear of contradiction I state that if it is necessary to sacrifice the welfare of the common people to salvage our financial institutions, the price is too great. If the time should come when I as a member of this house would have to choose between property rights and personal rights of the people, I would have no hesitancy in making my choice.

Listening to the speeches which have been made concerning the trade agreement it seems to me that the matters in dispute are brought down to a narrow compass. After brushing aside all the frills I believe the only real objections to the pact that I have heard are the two raised by the leader of the opposition (Mr. Bennett). May I deal first with his criticism of the weakness of our present tariff structure in so far as it applies to the inter-

mediate tariff. In this connection he cited several items, but greatest stress has been placed upon cut flowers and potatoes. If I understood him correctly he blames the present Prime Minister (Mr. Mackenzie King) for negotiating an agreement whereby, until a change is made in the tariff, certain articles will enter Canada duty free. I was interested to look back to ascertain who was responsible for the present weakness in tariff structure in so far as the intermediate schedule is concerned. Looking up the record I find that cut flowers constitute item 79b. I find that this tariff was under consideration and some amendment was made to it in the September session of 1930. Now who was the leader of the government in September, 1930? Who was responsible for our present tariff structure, which has recently been criticized, and for which the present government was almost blamed?

Coming to the other item of potatoes, also referred to in the debate, it is item 83 in the tariff, and there again I find that the tariff on potatoes was dealt with by the government on October 13, 1932. Now who was the leader of the government on October 13, 1932? I submit, sir, that our present Prime Minister did everything he could to protect the people of this country in respect to those items in regard to which our intermediate tariff structure is weak when he retained the right on behalf of the parliament of Canada to raise the intermediate tariff on any of these articles if it should be deemed necessary or advisable to do so, and I suggest to you, sir, that it is strange that the leader of the opposition should attempt to blame this government for something which his own government did. If there is any weakness in the structure of the intermediate tariff, who is to blame for that? Our whole tariff structure was rebuilt by the leader of the last government in this country. I am not suggesting that in 1930 when he did revamp the tariff structure he should have had foresight enough to see the dilemma he would be in to-day, but I do say that if there is anyone in the house who should not criticize this government for what somebody else's government did, it is the leader of the opposition.

Coming to the other criticism which has been levelled at the agreement by the leader of the opposition, there is no dispute as to the principle that freer trade between Canada and the United States is beneficial to both countries. There is also no dispute that when the previous government instituted negotiations for the purpose of arriving, if possible, at a trade pact with the United States those negotiations were instituted in full knowledge of the fact that the powers of the president of the United States were very much limited in their character, and by initiating those negotiations I suggest that the leader of the opposition impliedly accepted those restrictions and cannot now be heard to express any criticisms in regard to them. Therefore the whole matter narrows down to simply an expression of opinion by experts as to whether the bargain which has been made is a fair and square one, and just in that regard I would like to make this statement.

The Prime Minister believes he has negotiated an agreement which is fair and equitable to both Canada and the United States. Any trade agreement which is to be permanent in its character must of necessity be fair to both countries. On the other hand, the leader of the opposition believes that the agreement is ruinous to Canada; that it is an improvident one. Now, when we reach the point at which it is simply a matter of weighing opinions by experts, I suggest that perhaps the best way to do that is to look at the past efforts and the past results of both these tariff experts. Certainly they cannot both be right; one must be wrong, and only experience and trial will prove conclusively who is right. But I suggest that by looking over the record for the last few years we can form a pretty strong conclusion as to which of our tariff experts in this house is the leader we should follow.

In 1930, when appealing to the electors of this country the present leader of the opposition criticized very severely many conditions which existed in Canada at that time, and he blamed the government of the day for those conditions. Private individuals were not to blame; companies were not to blame; the government was to blame. Speaking at Sarnia on July 17, 1930, as reported in the Mail and Empire, the leader of the opposition said:

> Someone is responsible for unemployment, not individuals, but governments.

And he set himself up as a tariff expert and propounded the scheme that by raising tariffs he would bring prosperity to this country.

Again, speaking at Winnipeg, he said:

> Listen you agriculturists from the west. You have been taught to mock tariffs and applaud free trade. Tell me when did free trade fight for you. You say tariffs are only for the manufacturer. I will make them fight for you as well. I will use them to blast a way into the markets which have been closed to you.

Again, speaking at Moncton, on July 10, during the same election campaign he said:

Mr. King promises consideration of the problem of unemployment. I promise to end unemployment. Which policy do you like best?

All the way through his speeches in that campaign the government was to blame, and his government would improve conditions. Then at Saskatoon—and I think his Saskatoon speech was the masterpiece of them all—He said:

No doles, no gifts, no charity, but a chance to work, I say.

The whole story of the leader of the opposition was that we were importing from other countries millions of dollars' worth of goods that we should be making right here at home.

Mr. BENNETT: Hear, hear.

Mr. CLEAVER: And he would raise the tariffs high enough to stop that importation of foreign goods so that our own workmen would make them in this country and we would all be prosperous. He was a good salesman. A majority of the Canadian people took his scheme at par value, and his party was swept into power with an overwhelming majority, with the result that in September of the same year, at a special fall sitting of the house, tariffs were raised for the express purpose of excluding those imports.

But there was one factor that the right hon. gentleman apparently forgot or did not think of. Statesmen, politicians, business men in other countries are just as clever as are our best men in Canada and are actuated by similar feelings—patriotism towards their own country, and good sound business principles. So that when we raised the tariff so high that we prevented our neighbours from selling to us, those very same tariff walls prevented us from exporting our own goods. International trade is nothing more or less than exchange of commodities. If we will not buy we cannot sell, and the result of five years' experimenting by the late government with high tariffs—I take my figures from the last Conservative budget of 1935—was this: Our trade dropped from a total of 2,506 million dollars in 1929 to about half of that amount, 1,292 million dollars, in 1935. This policy of high tariffs, instead of curing unemployment, has increased it four times. These figures are known to all hon. members. Though the world surplus of wheat has been cut in half, our surplus of wheat has doubled as a result of our trade policy. Our farmers are practically ruined. All types of business have suffered, excepting, of course, monopolies. The national debt has increased by 900 millions of dollars. Is it any wonder that when the people of Canada at last had an opportunity to vote they voted in no uncertain terms? They passed up and repudiated this policy of high protection. I believe the leader of the opposition has made a real contribution to the life of this country in that by the distress of the last five years he has taught us a lesson we will never forget. In the words of the Hamilton Spectator, a Conservative daily, high tariffs may profit a few people, but for the country at large they do not pay. They are artificial restraints on trade which put men out of work in all countries. After five years of bitter experience with the present leader of the opposition as our tariff expert, is it any wonder that the people rebelled and decided that they would change over?

Halton county, which I have the honour to represent, is sometimes considered as part of the garden of Canada. There is a large acreage under fruit and vegetables. During the past five years our growers asked for and received sufficient tariff protection to exclude all foreign fruits and vegetables from the Canadian market during the crop season. Notwithstanding the fact that they enjoyed a practically exclusive Canadian market during the crop season, this exclusive right turned out to be absolutely valueless. The very instrument which gave them that right was also depreciating the buying power of the general public so that the domestic market was of no use. Representing the fruit and vegetable growers of Halton county I am pleased to say that they are taking this pact on faith. It is quite true that in connection with potatoes and one or two other items amendments will have to be made because of the weakness of our intermediate tariff structure, but these growers know the Liberal party has never bartered away their rights; they know they have never suffered at the hands of that party and they are looking forward to the future with every confidence. In conclusion, on behalf of the people of Halton county I wish to extend to the Prime Minister and to the officials of his department who assisted him in the successful negotiation of this trade agreement our heartfelt thanks and congratulations.

Mr. BRUCE McNEVIN (Victoria, Ont.): Mr. Speaker, may I avail myself of this opportunity to congratulate you upon your election to the high office of Speaker of the House of Commons. Unlike many other hon. members, I cannot speak from past experience, but from my observations during the past few

weeks I am satisfied that you have maintained the high traditions of the office that you have been called upon to fill. I should like also to congratulate the hon. member for East Kootenay (Mr. Stevens), the leader of the Reconstruction party. In his remarks to the house the other day he emphasized what I thought was a very important fact. He said that for twenty-five years he had sat with the party led by the right hon. leader of the opposition (Mr. Bennett), and during that time he had supported sky-high protection. I think it is significant that at this session, the first after he had separated himself from that party and adopted an independent attitude, he should be convinced that it was his duty not only to his own constituents but to the citizens of Canada as a whole to support this United States-Canada trade agreement. I am sure that loyalty to their leader, loyalty to past traditions or something of that kind is responsible for the trend of some of the arguments advanced by hon. members to my immediate left.

Before discussing the details of this agreement I should like first to illustrate what I believe to be some important reasons why this House of Commons, as representative of the opinions of the Canadian people, should adopt the resolution moved by the Prime Minister (Mr. Mackenzie King), which will give legal status to this agreement. One of the reasons why we believe this agreement should be adopted is the fact that in Canada we have developed very extensive facilities for transportation by rail and water. Both forms of transportation are capable of carrying increased tonnage and there are many unemployed transportation workers who will be given work as a result of the adoption of this agreement.

I am not going to maintain that this agreement will meet with the approval of every citizen of Canada. That would be impossible The conclusion of the empire trade agreements created a measure of dissatisfaction in certain quarters of Canada and the old land, and the same may be said of this agreement. However, we are satisfied that the adoption of this agreement will be in the best interests of the Canadian people as a whole. I am sure that it could never be concluded on the basis of satisfying each and every individual.

There is another reason why it will be advantageous to adopt this agreement. The investors of the United States have invested the huge total of four billion dollars in Canadian provincial, municipal, federal, business investments and securities. The annual interest and principal payments amount to approximately $240,000,000. I believe this exchange of international obligations has been one of the reasons why we have been able to conclude this agreement. The general recognition of the interdependence that exists between two countries lying alongside each other has made possible the final settlement of many items.

The hon. member for Dufferin-Simcoe (Mr. Rowe), in his speech the other day, argued that we should develop trade east and west. That is all very well; I agree that we must develop trade east and west. But in addition to that we must develop trade across the seas and we must develop trade north and south; for it is absolutely necessary that we should develop our trade from every possible angle in order to take care of the vast surpluses of primary products which we have in Canada.

One important feature of this Canada-United States trade agreement is the application of the most favoured nation clause whereby the dominion will receive the benefit of the intermediate tariff of the United States. I do not think there is any other country in the world that will derive as much benefit from the inclusion of that most favoured nation clause as will the dominion, because by this provision there have been made available the intermediate tariffs of a large number of countries in addition to the United States, and in any further treaties negotiated by that country Canada will indeed reap considerable benefit.

Since the discussion of this agreement started we have heard a good deal about trade balances. Trade balances are important; nevertheless I think I am within the bounds of truth in saying that we cannot set up trade balances as a barometer and declare that they constitute absolutely a measure whereby to judge the solvency or insolvency of a nation. Moreover, we must, in order to get a clear picture of trade balances, take into consideration the entire trade situation in any country. There are many other matters that enter into the prosperity of a nation or into the question of trade balances which the time at my disposal will not permit me to deal with just now.

I should like, however, to illustrate the point with a few commodities. We will have imported in the first three months of 1936, approximately $1,000,000 worth of oranges alone, and in the last fiscal year we imported of that one commodity $5,000,000 worth. If we consider a great many items not produced or manufactured in Canada, it is inevitable that over a period of years we shall expect from our neighbour to the south

perhaps a substantial difference in the trade balance. But we have the tourist traffic and several other items to counterbalance that. I mention the tourist traffic, that may not amount to a very great deal in this agreement except the right granted to Canadian citizens to go to the United States and bring back $100 worth of commodities free of duty. But in the riding I have the honour to represent there is a district the citizens of which moved in at the time that lumbering operations were in full swing. Now, however, the timber is pretty well gone; we have the citizens, and the tourist traffic is about the only means of livelihood, during a considerable part of the year, so far as these people are concerned. If, therefore, through trade agreements or in any other way we can create a better spirit of good will between these two great peoples, north and south, I am sure this district will reap considerable benefit. I desire to direct the attention of the Minister of Labour (Mr. Rogers), and this may be aside from the question, but I would point out to the minister that in this territory it is necessary, in order to facilitate the movement of tourists, to improve certain trunk roads, and I trust that in the supplementary estimates some provision will be made whereby a scheme can be worked out by which, at least during a part of the year, the people living in the tourist area, without suitable land from which to earn their entire livelihood, may be given some employment to assist them in the education of their children and to help them to maintain a reasonable standard of living.

To my mind, this agreement is not based upon the idea that one country is receiving a great deal more benefit than is the other, nor do I think it was negotiated in that spirit. It seems to me that a safe, sound, sane trade agreement must be based upon the principle of mutual advantage to the two countries involved; and if the agreement is going to last; if it is to be renewed, that is the only basis upon which it can be satisfactorily negotiated. I therefore congratulate the Prime Minister upon the attitude he has taken towards the entire negotiation and all the procedure connected with the trade agreement, which I believe will be of lasting benefit to the dominion.

There is another point of view to be considered. Hon. gentlemen to my left are inclined to emphasize the position of the industrial worker. The riding which I represent embraces agricultural interests, lumber interests, tourist interests and also some important industrial interests. I want to point out—and I believe this will bear the searchlight of this house—that during the period in which the more elastic trade policies of the government now in office have been in force the industrial workers of the dominion have not suffered to the same extent that they suffered during the last five years by reason of the extreme policy adopted by the government that was in office prior to October 14.

There is another angle of this industrial worker situation that I think we must not overlook. We have in this dominion a potential home consumers' market that is very much affected by the prosperity of the people who are engaged in the primary industries. One of the great needs of the industrial worker to-day is increased purchasing power of those who are employed in the wealth-producing activities of the nation. Therefore when you negotiate an agreement that has a tendency to increase the purchasing power of the people engaged in actual production, this is sure to be reflected in such a way as to assist the industrial workers of Canada.

As I have not time to conclude my address, and it is five minutes to eleven, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

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

Friday, March 6, 1936

The house met at three o'clock.

ELECTIONS AND FRANCHISE

SECOND REPORT OF SPECIAL COMMITTEE CONCURRED IN

Mr. C. E. BOTHWELL (Swift Current) presented the second report of the special committee on elections and franchise acts, and moved that the report be concurred in.

Motion agreed to.

CUSTOMS ACT

Hon. J. L. ILSLEY (Minister of National Revenue) moved for leave to introduce Bill No. 11, to amend the Customs Act.

Mr. BENNETT: Explain.

Mr. ILSLEY: There are several sections in the bill which are necessary in view of the supplementary note appended to the trade agreement with the United States. We agreed that we would make certain amendments to our Customs Act, and sections of the bill indicate the amendments to be made. Then, there are in it several other miscellaneous sections which are designed mainly to strengthen the hand of the preventive service.

Motion agreed to and bill read the first time.

EMPLOYMENT COMMISSION

ADMINISTRATION OF UNEMPLOYMENT RELIEF AND PROVISION FOR NATIONAL ADVISORY COMMITTEE

Hon. NORMAN McL. ROGERS (Minister of Labour) moved that the house go into committee to-morrow to consider the following proposed resolution:

That it is expedient to bring in a measure to provide for the establishment of a commission, to be known as the national employment commission, to supervise or administer the expenditure of funds voted by parliament for unemployment relief and for providing employment, and for other purposes related thereto; and to provide for fees or compensation and for the travelling and living expenses of the commissioners, for the salaries of the secretary and other employees of the commission, and also for the travelling and living expenses of the members of a national advisory committee.

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.

DOMINION LANDS

APPROVAL OF ORDERS IN COUNCIL RESPECTING TRANSFERS OF LAND

Hon. T. A. CRERAR (Minister of the Interior) moved:

That the orders in council made between the 1st day of January, 1935, and the 31st day of December, 1935, under the provisions of the Dominion Lands Act, chapter 113, R.S.C. 1927, and which were laid on the table on the 10th February, 1936, be approved.

He said: By way of explanation may I say that the chapter of the Dominion Lands Act mentioned in the resolution provides that transfers of land by order in council are to be laid on the table of the house at the opening of each session of parliament. That provision was complied with on February 10. I have not examined them all, but I know they relate to the transfer of some odd parcels of land, in carrying out the agreement made with the western provinces. In some cases they relate to leases of small areas in the northwest territories used for fur farming, and that sort of thing. I believe they are all in order. The statute requires that the house formally pass a resolution, approving these orders in council, and it is now submitted.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, before the orders of the day are proceeded with, perhaps the Minister of Railways will give us some idea when we may expect the annual report of the Canadian National Railways.

Hon. C. D. HOWE (Minister of Railways and Canals): Mr. Speaker, I am told that the annual report will be in my hands towards the end of next week, and it will be tabled when received.

Mr. BENNETT: Thank you.

SOLDIER SETTLEMENT

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): May I ask the Minister of the Interior (Mr. Crerar) a question? The soldier settlement amending act of 1933, which adopted the policy of what is generally known as dollar for dollar rebates on land payments, expires this month. Owing to the depression many people were not able to take advantage of it, and the soldiers are very anxious to know if the government have any intention of extending the life of the act.

Hon. T. A. CRERAR (Minister of the Interior): Mr. Speaker, my hon. friend was good enough to intimate to me yesterday that he was going to ask this question. In reply, I may say that it is the intention of the government to bring down legislation extending the period for at least two years—I am delighted with the reception which that announcement receives—to enable returned soldiers to take advantage of the dollar for dollar bonus policy. That has been done because crop losses, in the western provinces particularly, have been very severe and prices low. The same conditions obtain in British Columbia and other provinces, and in the opinion of the department it is only fair that a further opportunity should be given to the soldiers to take advantage of the bonus plan.

PRIVILEGE—Mr. POULIOT

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I rise to a question of privilege. The rights and privileges of members of this house are sacred, and I regret very much to read in the official report of the Senate the remarks that have been made in the other chamber about the work that has been done by this house. I cannot read in full the text of the speeches delivered by the leader of the government in the Senate, but he blamed this house for not passing legislation quickly enough, and not sending enough legislation forward to the Senate.

Mr. SPEAKER: Order.

Mr. MACKENZIE KING: I think my hon. friend knows that proceedings in another house should not be made the subject of discussion in this house. I think the hon. member is out of order, Mr. Speaker.

Mr. POULIOT: I agree, but they did not pass the two line bill to abolish the economic council.

DOMINION FRANCHISE ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. FERNAND RINFRET (Secretary of State) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 3, to amend the Dominion Franchise Act.

He said: I might explain in a few words, Mr. Speaker, that the changes made by the Senate in the bill to amend the Franchise Act are not very material and deal merely with its phraseology. The purpose of the bill is not changed at all. It will be remembered that the purpose of the bill was to postpone the revision of the electoral list for one year, and in the original bill passed by this house the date 1937 was substituted for 1935. The Senate have thought in their wisdom that it was better to keep to the original wording, 1935, adding the words, "except in the year one thousand nine hundred and thirty-six." They have made that change in section 20, and also suggest that it should be made in section 22 of the bill. The purpose of the bill remains exactly the same, and although the amendments are not very material I think we should accept them.

Mr. BENNETT: The fact is that the Senate has rewritten the bill, and I think it more adequately expresses the will of this house than did the original bill.

Motion agreed to; amendments read the second time and concurred in.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed from Thursday, March 5, consideration of the motion of Mr. Mackenzie King:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty's government in the Dominion of Canada and the government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. BRUCE McNEVIN (Victoria, Ont.): Mr. Speaker, continuing my remarks on the motion before the house, I desire to place on record the percentage of reductions in the tariff on certain canadian primary products entering the United States market. They are as follows: Live stock, 33⅓ to 50 per cent; grass and clover seed, 50 per cent; turnips, 50 per cent; hay, 40 per cent; live poultry, 50 per cent; dressed poultry, 40 per cent; leather, 20 per cent; lumber, 50 per cent.

One of the most important items in the entire pact is the concessions granted to the live stock industry, based on the average number of cattle slaughtered each year in the United States, which gives an estimated quota of approximately 227,700 head of Canadian cattle. While I agree that a larger quota would be desirable, a breakdown of the figures gives us the following result, provided that full advantage is taken of the quota. We have three major cattle markets in the Dominion of Canada—Montreal, Toronto and Winnipeg. Divide the total quota by fifty-two, the number of weekly markets, and you get the number that may be shipped each week throughout the year from each of these markets. It means that 1,450 head of cattle may be shipped at the reduced rates to the United States from each of these three major markets throughout the entire year. I think that the average person who has a knowledge of market conditions as they affect the live stock industry must agree that during the last two or three years, with the congested condition that has affected the live stock markets of this dominion, if 1,450 head of cattle could have been lifted from each of our three major markets every week, a total of 4,350 head, it would have been of material benefit to our hard pressed live stock producers. I believe, sir, that the circumstances surrounding the cattle industry in this dominion for the last three or four years warrant some action being taken by the government to bring about a measure of relief, if possible, and I think we should be prepared to leave it to the judgment of the live stock industry of Canada to say whether or not this concession is of value to the industry.

There is one other point that I desire to emphasize, when trade declines, customs revenue declines, and then it is necessary to increase taxation or increase the debt, either of which places an additional burden on the people. I believe the increasing trade that will surely follow will relieve the Canadian taxpayer to some extent.

The reduced rates on imports have been criticized in some quarters, but they represent a measure of relief to the consumers of goods

in this dominion. There is one further point we must stress. The endorsement of a Canada-United States treaty does not weaken one thread in the bond that binds us to the mother country as the senior dominion in this commonwealth of British nations. Intra-empire trade will remain the corner stone of the fiscal policy of the Liberal party, yet we must never lose sight of the importance of other potential world markets.

When I hear the right hon. leader of the opposition (Mr. Bennett) ask, "Why could we not get the full fifty per cent reduction with respect to cattle and other commodities of that nature?" I realize why for a period of five years two and a half months the government under the leadership of the right hon. gentleman failed to negotiate a treaty with the United States. The Minister of Trade and Commerce (Mr. Euler) referred to the sales resistance which existed in connection with the marketing of Canada's wheat. After hearing the remarks of some hon. members and taking into consideration the fact that this treaty was not completed prior to the present administration coming into office, I am satisfied that there existed in certain quarters, and perhaps in the fiscal policy of the opposition, a trade resistance that reacted against the best interests of the primary producers of this dominion.

In conclusion, let me say that if the present government had followed the course advocated by the official opposition, they would have betrayed the trust placed in them by the electors of this dominion on October 14 last.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, it is quite gratifying to me to be able to remember and to look back on the many trade benefits that flowed from the passage of the first reciprocity agreement between Canada and the United States, sometimes known as the Elgin-Marcy reciprocity treaty, which died shortly after in 1866, a fact much regretted by the people of Canada as a whole. I remember also the great depression which followed thereafter, more prolonged and deepseated than anything Canada has seen since, with the exception of the one through which we are now struggling. With these thoughts still fresh in my memory, it is with considerable pleasure that I find myself after seventy long years, rejoicing with those who do rejoice at the birth of a second reciprocity treaty between Canada and the United States. But seventy years is a long time between trade liberation drinks with next door neighbours. Now that the government has turned its hand so auspiciously to the removing of some of these trade fetters, let those of us who are like minded in this respect encourage, yea urge them on if necessary to greater feats in this direction. Possibly this joy and gratification I am experiencing is one of the compensating benefits which sometimes come with advancing years.

When I listened to the right hon. the leader of the opposition (Mr. Bennett), who was followed by the booming support from Toronto and elsewhere, I was reminded of the fact that there was no opposition whatever to the first reciprocity treaty, which was in existence from 1854 to 1866. I have not the exact figures, but I believe in 1854 Canada was at least eighty per cent rural. At least that percentage of the population of Canada were in favour of reciprocal trade with the United States, and so far as I can find out there was really no opposition to the first agreement. Montreal, Toronto, the maritime provinces, Ontario, Quebec, all of Canada of that day, were in favour of this agreement. What has happened since then? The manufacturing industry in Canada was very primitive in 1854 but these interests have grown rapidly since then. It is quite natural that they should want to preserve Canada as a market for their manufactures by a stiff tariff which has enabled them to sell cheaper to foreigners than they do to their own people. They want it and the farmers do not want it, and there lies the difference.

After listening to our Conservative friends lauding this form of agreement with the United States for two years, I was quite amazed to see them loop the loop and vehemently attack this treaty. My first thought was that they had gone back on their former conversion, but when I come to think of it they never really were converted. They just wanted to give the people something that would distract their attention from their own shortcomings. I do not say that it is wrong to try to please the people, but it would have looked far more seemly if they had stayed with their new love for a little while. At least they should have supported the principle of this resolution. Surely it would not have torn their protectionist hearts asunder to have done that. They could have gone after the details as much as they liked, but they should have supported the principle. I am afraid their conversion at least was not like the conversion of Paul on the way to Damascus; possibly it more resembles Lot's wife when looking back on stricken Sodom.

I have no ill will against the Conservative party. We must have an opposition, and I should hate to see them commit political hari-

kari by opposing this trade agreement. We do not know what would follow if another opposition took their place. I see a new party over there which has not yet won its spurs; they are strange to me and I still prefer even the Tory opposition to them as an opposition. We know what the Conservatives are and stand for, while the others so far belong largely to the unknown.

I am really at a loss to know how to explain the present attitude of the Conservative party. I have had many trimmings myself in my life and I know what it is to be defeated; I know what it is now to win, and I can therefore feel magnanimous. But even at this late day I would ask the Conservatives this question: Would it not be more logical for them to join with the government in support of this resolution? We do not need any further majority; we have in all conscience a large enough one now. But would it not be better for the house, would it not be more consistent on their part, would it not create a better feeling throughout the country for them to join with us in supporting this resolution than to put themselves in the position of having, so to speak, looped the loop so quickly with their newly adopted baby. In fact, I think it was a kidnap which they made from the Liberal nursery; but kidnapping is not as popular as it used to be and is much more dangerous —they found it dangerous. Their movement in the direction of reciprocity, never believed in by them, was made for the same purpose for which the wonderful radio addresses were given—to please the people. Of course, there is no great harm in that, but I think that propriety would have justified them in staying with the agreement, at least to the extent of supporting the principle of this resolution.

And now a word or two with regard to some of the amazing statements of the leader of the opposition. The Minister of Finance (Mr. Dunning) disposed most successfully of the more vulnerable parts of the right hon. gentleman's speech and I will now refer to the statement he made—it will be found in Hansard—that had it not been for the tariff increases against both the United States and Great Britain in 1930 there would have been no possibility of any kind of treaty in 1935 and 1936. History does not support that statement. At no time in the history of Canada did any party ever enter into a reciprocity agreement, either with the United States or with Great Britain, after previously running the tariff up to a sky-high point of elevation in order to use that as a bargaining feature except the Conservative party in 1930, and what it did then did not work out as anticipated. If we are to give credit to the one who put up the tariff, on the ground stated by the leader of the opposition, then we might as well say that had it not been for that robber band in the eastern land who fell upon that historic traveller on his way from Jerusalem to Jericho, there would have been no story about the Good Samaritan and therefore we should give credit to the robber. We might as well say that as to say that had it not been for the high tariff devotee and addict who was at the helm of state in Canada in 1930 there would be no reciprocal agreement to-day. Of course that is nonsense.

I rather regret the necessity of having had to add these few words to an already prolonged debate, but I felt that it was my duty to speak because of the great importance of the question. We shall have a further opportunity of dealing with the subject, but I will conclude these few remarks by again expressing my appreciation of the action of the ministry in affording me an opportunity to see this day with its evidence, as revealed in this agreement, of returning sanity and common sense with respect to questions of trade between nations whose interests are best promoted not by the erection of high and repelling tariffs and by other trade impediments, as if trade were some evil thing to be feverishly shunned instead of a great blessing to be pursued and sought after diligently. Rather should we trade as freely as possible, especially with our adjoining neighbour, consistent with our respective mutual interests and with the public revenue requirements of our own country.

Hon. H. A. STEWART (Leeds): I always listen with a good deal of interest and amusement to the addresses of the hon. member for Melville (Mr. Motherwell), who has just entertained the house with a brief jocular comment upon this trade agreement. He says he rejoices that after this long lapse of time separating agreements between Canada and the United States we are now about to consummate another. I cannot help thinking that my hon. friend's rejoicing must have a tinge of regret in it, namely, that between the years 1920 and 1930 no agreement of this kind was negotiated, nor were attempts made, as far as I know, to bring one about. Then he speaks about the tariff and seems to suggest that it is a harmful influence and that the protective principle in it is wrong. Well, all I have to do, I think, is to point out to him and to the members of this house that from 1896 until 1911 the protective

principle of the tariff was maintained by the Liberal party, and that between the years 1920 and 1930 the same principle was maintained by the same party.

He also thinks that we on this side would be well advised to join with the government in supporting this agreement. I know that advice was given in the kindliest spirit, but after all we have our responsibilities. We have our duty to perform, and I am sure he will agree that this is a question upon which there may be an honest difference of opinion. And looking back again I think that, in view of what has happened, my hon. friend must regret that in 1932 when there was before this house for ratification the Canada-United Kingdom agreement, which so largely extended and developed the trade of this country, particularly in the interests of the agriculturist, which my hon. friend with such ability always espouses—I say again that perhaps when he recalls the opposition of his party, including himself, to that agreement, there is a tinge of regret in his recollection.

I shall proceed to a consideration of this agreement. The trade agreement which is the subject of this debate has been before the people of Canada for some months, but it is only since the debate began in this house that there has been that keen, critical analysis of it, that examination of its provisions, that will enable hon. members and the people of Canada to come to a conclusion as to its merits. As good citizens we all desire to approach any proposal for the extension of the trade of Canada with sympathy and with the desire to give approval wherever such approval can be given without damage to our agricultural and industrial development. At the same time we must keep alert for the purpose of discovering and if possible avoiding errors in connection with any attempted extension of our trade. We must be sure that we are getting a fair return for any advantages which we are extending to our neighbour, no matter how good that neighbour may be or how desirable it may be to extend our trade in every direction.

The historical review of the negotiations for trade with the United States has been made from two standpoints. The Prime Minister (Mr. Mackenzie King) in his very complete exposition of this agreement, traced back the development or lack of development of trade between Canada and the United States for a period of fifty years. He came to the conclusion that on the record the Liberal party were more favourable to development of trade in this direction than the Conservative party.

[Mr. Stewart.]

But the leader of the opposition (Mr. Bennett) supplemented the information given to the house by the Prime Minister and demonstrated, I believe beyond question, that the Conservative party had an equally honourable and equally favourable record in the matter of a disposition and a desire to extend our trade relations with the United States. Going back to confederation, to the declaration of the national policy, to the declarations of the Liberal leaders themselves, and looking at the matter from every standpoint, I think that honours in that direction are about even. I cannot understand how any member of the Conservative party at the present time, or any one who has been a member of it and is familiar with its traditions, familiar with its declarations of policy and the efforts it has made, can say that it has not been in favour of reciprocal trade relations with the United States.

Let us be fair about it. Both historic parties, and let me say all parties, recognize the value of trade and of markets for our products. No party has the monopoly in that respect. It would be strange indeed if any one party should have the exclusive possession of a disposition to trade, to extend our present markets and to develop new ones.

There are two great markets to which the Canadian people have always looked: one is in Great Britain and the other is in the United States. In both of those directions each of the two parties has made honest and sincere attempts to bring about favourable trade arrangements. The Liberal party endeavoured to bring about preferential trade, endeavoured to bring about a reciprocity agreement with the United States. Both parties failed, in large measure, until recently. The first outstanding success was that achieved by the late government, led by the present leader of the opposition, in the successful negotiation of the United Kingdom agreement. I say that was the first outstanding success, the first outstanding achievement in securing an extended market for Canada in the United Kingdom.

I do not desire to enlarge upon the results of the Canada-United Kingdom agreement. Any honest, fairminded citizen, looking back on conditions as they were in 1932, looking at the volume of trade at that time, and studying the statistics as they are now disclosed to us, must come to the conclusion that at a difficult time, a critical time, a time of great depression not only in Canada but all over the world, these agreements have been of significant advantage to the people of Canada. They deserved better support than they received in this house when they were before parliament

for approval, and they vindicated the faith and the vision of those who were responsible for their negotiation.

The basis of negotiations for the present agreement between Canada and the United States was prepared also by the former government. A change came about in conditions in the United States, a change, I think, of attitude of mind, a greater disposition on the part of the United States to trade more freely with Canada than she had shown during a period of ten years, particularly between 1920 and 1930. I think we may truthfully say that that disposition to trade more generously with Canada was to a large extent due to the negotiation of the Canada-United Kingdom agreements. Be that as it may, there was undoubtedly a change in the attitude of the United States towards Canada, and, as soon as the president secured from congress authority to negotiate, the matter was taken up by the former government in earnest, a communication was presented, and from that time on negotiations proceeded. Upon the basis so laid, upon the opening thus made, this agreement—whether we agree with it in its conclusions or not—was undoubtedly founded.

There are many hon. gentlemen in this house who contend that the tariff policy of the Conservative party is one of extremely high tariffs. I am sure we have heard that throughout Canada, particularly in the last five years. If I had time I could put on Hansard a comparison and analysis of the tariff of Canada as compared with the tariffs of other countries, such as Germany, France, the United States and even Great Britain, and the tariff of Canada as compared with the tariffs of these other countries is not a high tariff. During the budget debate I hope to have an opportunity of developing this point a little further. A couple of years ago I spent some time on it, and I was pleased indeed to find, notwithstanding the allegations that the tariff policy of the Conservative party was almost exclusive, that when compared with the tariffs of other countries that charge was not well founded. Undoubtedly during the depression, from 1929 to 1932 and 1934, measures were taken to increase the tariff, but the reason for these increases has been given. They were emergency measures, taken to preserve the financial integrity of the Dominion of Canada, and many who are capable of judging the situation better than I are confident that if these measures had not been taken, disaster would have been the result.

Tariff increases have been made, and there is also a belief on the part of many hon. members that if you increase the tariff you increase the cost of articles protected by the tariff. They believe on the other hand that if you would only reduce the tariff you would reduce the cost. Well, we have had a striking answer to that contention; recently in this house we had a debate on the price of agricultural implements, and during that debate the history of these prices over a period of years was reviewed. It has been shown by hon. gentlemen on the opposite side of the house that a reduction in the tariff in more than one instance has resulted in an increase in the price. They are so convinced of the soundness of their theory that tariff increases always increase prices that now they are asking for an investigation to find out how it is that a reduction in the tariff has resulted in an increased price.

On entering into these negotiations with the United States, Mr. Speaker, I think we must keep in mind that the United States has certain undoubted advantages. In the first place it has a population of 120,000,000 people. I have heard hon. gentlemen on the other side contend that the United States presented an outstanding example of the success of free trade, that in that country we had the spectacle of 120,000,000 people trading freely between themselves. In the days of prosperity this was pointed to as a vindication of the policy of free trade. But what has happened? We find that in time of depression this great mass of people suffered just as severely as those countries that were not in that happy position. I want to point out that the United States comes very close to obtaining the advantages of both free trade and protection. It has free trade between 120,000,000 people, but around that 120,000,000 people it has the advantage of a very high tariff wall. They have the advantage of cheap mass production; they have a climate favourable to the production of nearly all their own requirements, and at any and all times they are ready with a surplus of natural and manufactured products to export into the markets of the world.

We entered the negotiations under certain restricted conditions. Congress gave the President of the United States authority to negotiate trade agreements, but with the caution usually displayed by that nation they put certain restrictions upon him lest he might go too far. They said he could reduce the tariff, which was a high tariff, by only fifty per cent, that no article on the dutiable list should be placed on the free list, and that from the nations with whom he made agreements they must receive favoured nation treatment. There was also a limit of three years placed upon the life of such agreements.

Mr. MACKENZIE KING: The favoured nation treatment was domestic policy, was it not? It was not part of the statute restricting the president?

Mr. STEWART: I am not sure of that.

Mr. MACKENZIE KING: I think it was a matter of domestic policy.

Mr. STEWART: I thank my right hon. friend; I thought that was imposed on the president by congress. However, it was there; it was one of the limitations placed upon him in his negotiations. In consideration of these facts, Mr. Speaker, I submit that we were entitled to ask for and receive from the United States the full measure of the limited concessions the president was authorized to grant. Now let us look at this agreement and see what Canada gets and what Canada gives, because that is the basis on which we must judge.

Mr. MACKENZIE KING: May I interrupt for just a moment? Does my hon. friend say he thinks we ought to get all that the president could have given under the powers congress granted? That would be a fifty per cent reduction on everything.

Mr. STEWART: Yes, I would think so; I would suggest that we should have got that. Canada gets concessions on cattle. I do not propose to deal with that matter, because there are others in the house more familiar with that trade than I am, but here is a quota which, as I understand it, limits our exports of cattle to the United States to approximately one in every hundred that are slaughtered in that country. Surely, with regard to only one per cent of their consumption, we might have expected our cattle to be allowed in free. In any case we get a reduction on cattle, to the value of $11,400,000. In connection with cream we also have a quota of 1,500,000 gallons, valued at $5,200,000. We get concessions on $2,300,000 worth of maple sugar; on seeds, $2,000,000; on other agricultural products, $4,200,000; on fish, $4,800,000; on lumber, $38,000,000; on minerals, $5,800,000; on whiskey, $82,000,000, and on miscellaneous commodities, $5,000,000, making total concessions of about $160,000,000 worth of trade. It is clear that the United States always liked our whiskey. They were short of it and needed our production, and it is possible that in any event they would have taken the quantity mentioned.

Then we get down to the items that are unchanged and upon which we get no concessions, but in respect of which a guarantee is given that there shall not be any increase in tariff during the life of the agreement.

First we have newsprint valued at $132,000,000; pulwood, $34,000,000; shingles, $20,000,000; minerals, $16,000,000; wheat, $8,400,000; fish, $4,000,000; chemicals, $8,200,000, and furs, $5,000,000, making a total of about $230,000,000. I should not like to dispute the value of having these commodities remain on the free list; undoubtedly that is an advantage. But in view of the fact that the United States had imposed a tariff on nearly all its imports, is it not fair to assume that having overlooked these items in the past they probably would have continued to allow them to remain on the free list irrespective of any agreement?

Let us see what Canada gives, as compared with what she gets. She gives concessions on oranges to the value of $21,000,000; fruits and vegetables, $11,000,000; canned meats, $3,000,000; corn, $8,000,000; other agricultural products, $4,000,000; farm implements, $40,000,000; machinery, $25,800,000; iron and steel, $15,700,000; household goods, $11,000,000; electric motors, $6,900,000; periodicals, $4,000,000, and other merchandise $16,000,000. The intermediate tariff is imposed upon textiles and clothing to the value of $24,800,000; furniture, $3,500,000; consumers' goods, $8,000,000; automobiles, $26,000,000; gasoline, $18,000,000; automobile parts, $56,000,000, and automobile engines, $11,700,000.

In connection with dairy products, in which I am particularly interested, I find that a rate of thirty-five cents per gallon still remains against Canadian cream, and the quota is limited to 1,500,000 gallons. I do not expect that this will be of very great advantage to the farmers of eastern Canada. The rate of five cents per pound on cheese is the same. When we remember that the domestic market of Canada consumes between eighty per cent and ninety per cent of these agricultural products, and that we are granting concessions upon fruits and vegetables, I think it is doubtful if there will be much advantage gained from these agreements by the farmers of eastern Canada.

The agreement has been defined as a step in the right direction. Before we make any decision I should like to know in which direction we are going. Is it a step in the direction of an adverse trade balance? If it is, it is a step in the wrong direction. It is said that the agreement removes obstructions in channels of trade. Undoubtedly it removes obstructions in the channel of trade that will flow into Canada from the United States. It is said that it is an effort to destroy economic nationalism. Well, when 10,000,000 people start out to destroy the demon economic

nationalism they are undertaking a big task, and while we hope they may have some success I would be very careful about expecting too much in this direction.

The opinions of others as to the value to Canada of the trade agreement may be worth consideration. Without quoting in full I should like to refer to the comment of Professor Brebner, of Columbia university, which has already appeared on Hansard. In the United States there is a body of opinion that the agreement is perhaps more favourable to that country than it is to Canada. There is one feature of the agreement however to which I should like to refer briefly. May I draw the attention of hon. members to three articles in the agreement relating to its life, with special reference to duration and termination. Article XV is as follows:

The entire agreement shall come into force on the day of the exchange of the proclamation and ratification at Ottawa. The agreement shall remain in force until December 31, 1938, subject to the provisions of article VII, article X and article XIV.

Unless at least six months before December 31, 1938, the government of either country shall have given to the other government notice of intention to terminate the agreement on that date, the agreement shall remain in force thereafter, subject to the provisions of article VII, article X and article XIV, until six months from such time as the government of either country shall have given notice to the other government.

In other words the article states that the agreement shall remain in force for three years, and thereafter be subject to six months' notice. Other significant articles must be read in conjunction with article XV. I shall refer first to article VII:

No prohibitions, import or customs quotas, import licences, or any other form of quantitative regulation, whether or not operated in connection with any agency of centralized control, shall be imposed by Canada on the importation or sale of any article the growth, produce or manufacture of the United States of America enumerated and described in schedule I, nor by the United States of America on the importation or sale of any article the growth, produce or manufacture of Canada enumerated and described in schedule II, except as specifically provided for in the said schedules.

Then follows the significant paragraph:

The foregoing provision shall not apply to quantitative restrictions in whatever form imposed by either country on the importation or sale of any article the growth, produce or manufacture of the other country in conjunction with governmental measures operating to regulate or control the production, market supply, or prices of like domestic articles, or tending to increase the labour costs of production of such articles. Whenever the government of either country proposes to establish or change any restriction authorized by this paragraph, it shall give notice thereof in writing to the other government and shall afford such other government an opportunity within thirty days after receipt of such notice to consult with it in respect of the proposed action; and if an agreement with respect thereto is not reached within thirty days following receipt of the aforesaid notice, the government which proposes to take such action shall be free to do so at any time thereafter, and the other government shall be free within fifteen days after such action is taken to terminate this agreement in its entirety on thirty days' written notice.

Article X reads:

In the event that a wide variation occurs in the rate of exchange between the currencies of Canada and the United States of America, the government of either country, if it considers the variation so substantial as to prejudice the industries or commerce of the country, shall be free to propose negotiations for the modification of this agreement; and if an agreement with respect thereto is not reached within thirty days following receipt of such proposal, the government making such proposal shall be free to terminate this agreement in its entirety on thirty days' written notice.

And article XIV:

The government of each country reserves the right to withdraw or to modify the concession granted on any article under this agreement, or to impose quantitative restrictions on any such article if, as a result of the extension of such concession to third countries, such countries obtain the major benefit of such concession and in consequence thereof an unduly large increase in importations of such article takes place: Provided, that before the government of either country shall avail itself of the foregoing reservation, it shall give notice in writing to the other government of its intention to do so, and shall afford such other government an opportunity within thirty days after receipt of such notice to consult with it in respect of the proposed action and in respect of such compensatory modifications of the terms of the present agreement as may be appropriate; and if an agreement with respect thereto is not reached within thirty days following the receipt of the aforesaid notice, the government which proposes to take such action shall be free to do so at any time thereafter, and the other government shall be free within fifteen days after such action is taken to terminate this agreement in its entirety on thirty days' written notice.

There are three opportunities, Mr. Speaker, for the termination of this agreement, three avenues of escape, three doors of opportunity for terminating it. In view of the fact that there has been in the United States regulation and restriction under the NRA, which, although for the moment out of the picture, will probably be replaced by other legislation of the same effect, there are elements of danger and uncertainty and instability inherent in this agreement which make its termination almost probable, indeed which almost invite its termination on fifteen or thirty days' notice. I suggest that a com-

parison be made of the provisions for abrogation of this agreement with the relevant provisions of the United Kingdom agreement, which provide only for consultation.

I see that my time has almost expired, and I shall therefore summarize my objections to this agreement.

The agreement covers a long list of commodities, but on the whole, while it is broad in that respect, it is shallow in its concessions to Canada. Most of the rates of the United States tariff are still so high that little benefit will result. Many of our industrial plants will be forced to close, particularly United States branch factory plants. Unemployment with all its hardships will be increased; the investment of capital in industry in Canada will be discouraged; the home market, which absorbs from eighty to ninety per cent of our agricultural products, will be contracted because of decreased purchasing power at home; our railways will suffer decreased revenues because of the possibility of much freight coming in through ports other than our maritime ports. Let us remember this also, that when you import a ton of manufactured products from the United States or any other country our railways have just one haul of that ton, but if it is a ton of commodities manufactured in this country I am told that it represents the haulage of three or four or five tons of freight as against only one ton of a completely manufactured imported article. The development of this three or four or five tons is brought about through the assembling of raw material and everything that goes into the manufacture of the fininshed article.

In return for the concession we are granting to the United States of our intermediate tariff we should get a full fifty per cent reduction all along the line.

This agreement, I believe, will render it more difficult to renew and extend the provisions of the Canada–United Kingdom agreement. The agreement, the provisions for the termination of which I have already referred to, is limited in its life to three years, making its operation uncertain and almost inviting its termination. For these and other reasons which I propose to give more in detail when we come to deal with the different items, I shall vote against the resolution.

Mr. R. J. DEACHMAN (Huron North): Mr. Speaker, I have listened with pleasure to my hon. friend from Leeds (Mr. Stewart). I have always liked him personally and I am not likely to change my mind after listening to the rather effective speech which he delivered this afternoon on the wrong side of a very important question.

[Mr. Stewart.]

My hon. friend tells us that the Conservative party still has faith in protection, but faith without works is but a dead thing, and I wonder how many years they would go before their faith brought forth any fruit.

My hon. friend also tells us that the tariff does not always raise the price of a commodity, but there is a peculiar thing I might mention in this connection. I attended 175 tariff board hearings, and never once did I hear a manufacturer come before the tariff board and say: Will you please lower the tariff which I have enjoyed so that the price of the commodity I produce may be raised? Nor have I ever heard one say: Will you raise the tariff on the raw material which I use in order that I may get it at a lower price?

I want to suggest this to my hon. friend, who made some prophecies at the close of his address. He prophesied an increase in unemployment, a loss of revenue to the railways, and many other things. We are friends personally and I want him to invite me to his constituency for the next election. There the first thing I shall do, and I warn him now, is to look up Hansard and read the speech which he delivered this afternoon, and ask him how many of his prophecies have come true. I shall ask him at that time, when he will be prophesying some more, what is going to happen to his prophecies of 1940 or 1941, seeing that he prophesied so badly in 1936.

There is a rather peculiar mood in Toryism which I never can understand. The leaders suggest eternally upon every platform that we are always in danger when we trade with a nation larger than our own; that we are a nation of ten or eleven millions alongside a nation of 127 millions; and I often wonder how a unit of 127 millions manages to survive because it must trade with the world! Does anyone imagine that we would be better off if the United States should be towed away from its present moorings to-morrow and placed alongside the continent of Australia. I venture to say that we would lose many of the comforts and many of the enjoyments which we now have. We would lose the markets which we sorely need, and what would be a loss to Canada would certainly be Australia's gain.

Many strange doctrines have been brought forth by my hon. friends immediately to the left. One is that we have given away too much. A representative of the govern-

ment which was in power in this country for five years and which raised the tariff as high as it could possibly be raised, announces now that it was raised for the purpose of affording an opportunity for bargaining with other nations. But when a bargain is at last consummated by a new government, he tells the house, "You have given away everything; we have nothing left to give away!" When our taxes are reduced do we consider that we are giving away something or that we are getting something? I believe I have a sounder criticism to make of my hon. friends of my own political faith, and I intend to drive that home both here and throughout the country whenever I have an opportunity. My challenge to them is that they did not give away quite enough, that many of these tariffs are now atrociously high. The tariff on agricultural implements has been reduced from 25 per cent to 12½ per cent. This is half what it was under the previous government, but it is still double what it was under their government which was in power in 1929 and 1930. I should like to give particulars of some of these reductions—permit me to put on my glasses so that I can give them exactly, because many of them are very small.

On February 6, 1935, the laid down cost of artificial silk fabrics amounted to 83¼ per cent. On January 1, 1936, this cost was 73 per cent, but when the Liberals went out of power it was only 37¾ per cent. On cotton fabrics the rate has been reduced from 48½ per cent to 42½ per cent, but when the Liberals left office it was only 32¼ per cent. On cotton towels the total duty has been reduced from 60¾ per cent to 53¾ per cent, but in September, 1930, it was only 32¼ per cent. The laid down cost in February, 1935, of cut tobacco was 120 per cent; in January, 1936, it was also 120 per cent, but in September, 1930, it was 102½ per cent. There is another item here of particular interest at Christmas time. Our Conservative friends raised the duty on toys coming from the United States from 32 per cent, as it was in September, 1930, to 53¾ per cent in February, 1935, and the Liberals have only had the good conscience to bring it down to 42½ per cent. I would be quite willing to sacrifice at least two-thirds of this duty, and in doing that I do not think we would be doing too much.

There have been some gains, small though they may be. A friend of mine purchased a sprayer the other day and I wired him to find out what his saving had been. I received a wire in reply stating that the sprayer had been laid down at Burlington with a saving of $189. I submit that my friend Paul Fisher of Burlington who purchased this sprayer at a saving of $189 does not think that anything of his has been given away. The Liberal party leaders have allied themselves with Paul Fisher in attempting to reduce his costs and improve the quality of the fruit which he grows by giving him a sprayer at a lower price. The right hon. leader of the opposition (Mr. Bennett) and the hon. member for St. Lawrence-St. George (Mr. Cahan) ally themselves with the caterpillar and the codling moth to destroy Paul Fisher's crop.

We have secured access to the American market for our cattle. I have a friend in my constituency who is a fairly large dealer in cattle. I had a letter from him the other day in which he says:

> I have brought down from the west 400 head of cattle. We are feeding about 150 head, and with the feed so plentiful expect to have them in good shape. This U.S. deal has certainly helped us. When we go to Toronto with our cattle and the buyers turn us down, it makes them stand up and look when we have them billed to Buffalo.

I submit that by this agreement very material help is being given to our friends who are farming and who are endeavouring to make money by feeding cattle on the farms of Ontario. They now have two markets where formerly they had only one. I imagine that my hon. friend the Reconstruction party in this house, the hon. gentleman who was anxious that the farmers should have a little more, will be pleased with this one item by which we have given to the farmer a broader market and an increased opportunity to obtain higher prices.

We learn from our hon. friends on the Conservative side that we have done something deadly because we have endangered our balance of trade. I have said time and time again that more nonsense has been spoken in this house about balances of trade than about any other single matter. In regard to this I should like to point out that sometimes light does dawn on certain departments even if it does not spread to the head of the government. I have here a bulletin entitled Canada's Balance of International Payments, 1926-1932. I should like to read from the introductory paragraph as follows:

> "Balance of trade" figures are frequently misinterpreted due to the persistence of an old doctrine long ago exploded that a nation's trade is in a healthy state when exports exceed imports necessitating an import of gold to make up the difference.

On the front of this pamphlet I see, "Published by authority of the Hon. H. H. Stevens, M.P., Minister of Trade and Commerce." Apparently there was not complete agreement between the Conservative party and the Reconstruction party even before they agreed

to disagree. I should like to quote Professor Taussig formerly professor of economics in Harvard university, who says:

> Anyone who has grasped the elementary truths about wealth, exchange, money, will see the absurdity of supposing that the prosperity of a country is bound up with the inflow or outflow of specie. The astonishing thing is that, notwithstanding the simplicity of those truths and their repeated and widespread exposition, ignorance regarding them should be so common. Many people who think themselves entitled to attention still speak as if an excess of exports promised a profit to a country, and an influx of specie were a realization of that profit.

I wonder how any hon. member of the Conservative party can speak with regard to balances of trade. In all the years that they were in office from 1880 to 1935, leaving out only the war and the immediate post-war years, the total favourable balances of trade amounted to only $435,000,000, or just slightly under the favourable balance of the Liberal party in 1926. In the seven years between 1923 and 1929 the total favourable balances under the Liberal administration amounted to $1,495,000,000. Yet hon. members of the Conservative party stand in their places in this house, as did the hon. member for Leeds a few moments ago, and say to the Liberal members: You are endangering our economic fabric; you may disturb the balance of trade; we are its natural guardians; we are the only ones who can take care of it. To my hon. friend and to the leader of the Conservative party I would point out that the three largest unfavourable balances of trade we have ever had in the dominion were in the years 1912, 1913 and 1914. In those three years the total unfavourable trade balance amounted to $722,000,000. My hon. friend was a member of the house at that time. I admit he was relatively young and perhaps new to the scene and did not realize the danger that confronted the country! But so far as my recollection goes, and I think Hansard will bear me out, he did not utter a single word or moan about the danger to the country from that stupendous adverse balance of trade. Why? Well I will tell you the reason; it is very simple and clear. The Conservative party was in power at that time; God was in his heaven and all was right with the world.

Every man has an adverse balance of trade with some of those with whom he is doing business. Almost everyone has an adverse balance with his grocer, his dentist and dozens of people with whom he does business throughout the year. I go further. I say that no single individual doing business in Canada can balance his trade with everyone with whom he is doing business.

[Mr. Deachman.]

Mr. BENNETT: Hear, hear.

Mr. DEACHMAN: If that be true of 11,000,000 people in Canada, how can we expect that this country is going to balance its trade with every nation with which it deals.

Mr. BENNETT: We do not.

Mr. DEACHMAN: Exactly—

Mr. BENNETT: And never have.

Mr. DEACHMAN: —and I will prove that the right hon. gentleman does not want to do that, that he does not believe it.

Mr. BENNETT: I never suggested it.

Mr. DEACHMAN: He never suggested it? We will see what he says about it. Let me quote from Hansard of 1935. He was discussing the clearing house agreements by which some nations were able to exchange wheat, for instance, with the products of European countries, and he made this statement, at page 3576:

> I heard a distinguished member of the French ministry of the day say in Geneva that they were very bad,—

Referring to clearing house agreements.

> —because they were the very negation of the promotion of international trade ... because the essence of international trade is not that it should be balanced but that there should be adjustments between respective countries from time to time, between A and B and C and D, a surplus here, and a deficit there.

Quite true; yet what has he been trying to do? He has been protesting time and time again that we are in danger because of our adverse balance of trade with the United States—

Mr. BENNETT: Hear, hear.

Mr. DEACHMAN: —and trying to bring about arrangements whereby trade would be perfectly balanced as between these two countries, despite his assertion that the attempt to do that very thing on a large scale is the negation of trade.

Mr. BENNETT: Does the hon. gentleman say that I ever suggested at any time or in any place that there could be equality between the United States and Canada?

Mr. DEACHMAN: My right hon. friend has said time and again that we could not do business with the United States because there was an adverse balance against us in our trade with that nation—that the adverse balance was too large—

Mr. BENNETT: Exactly.

Mr. DEACHMAN: And that it had to be reduced no matter what happened.

Mr. BENNETT: Hear, hear.

Mr. DEACHMAN: My hon. friend has also contended that when the Conservative party came into power in 1930 their first great task was to adjust the adverse balance of trade which existed in the exchanges between Canada and the United States. We know how often that sentence has been repeated, how often it has been explained; and therefore, my hon. friend said, the tariff had to be raised. They raised it, he said, at great cost and sacrifice to preserve the national integrity of this dominion. That is the essence of his remarks. Perhaps I had better quote his exact words, as reported at page 2394 of Hansard of April 26, 1932:

> For, in the end, when you have more imports than exports an adjustment has to be made to bring about a favourable balance. If there is a gap it must be bridged, and it can be bridged only with fresh capital coming to this country or by borrowing.

In other words, when there is an adverse balance between Canada and the United States settlement has to be made by borrowing; and when we ceased to borrow in the United States in 1930, the decline in the adverse balance of trade between Canada and the United States absolutely and necessarily followed, and nothing could have prevented it following, no matter what government was in power, Liberal or Conservative, Cooperative Commonwealth Federation or Social Credit. When our borrowing ceased in the United States, we had not then the means of payment; our imports from that country necessarily declined, and as a matter of course our adverse balance also declined.

And now let me show the decline in borrowings that took place. The total bond sales of the dominion in 1930, largely in the United States, amounted to $398,000,000. In 1934, according to the Monetary Times, our borrowings were $108,000,000. There was a decrease in bond sales of $290,000,000—$290,000,000 less with which to pay obligations in the United States; and as a direct consequence of that we had necessarily to reduce our imports, not because of action taken by the government but because we had not the means of paying.

I put it to hon. members on a personal basis. If any member has a salary of $5,000 and he has a capacity to borrow from his friends another $5,000, he may spend $10,000 in a year; but if his capacity to borrow is gone, he will cut expenditures and buy less. And that is what the nation did between 1930 and 1934. So much for the balance of trade.

My hon. friend makes this suggestion: the estimated loss of revenue through the agreement is $6,000,000. I am not going to dwell on that but I would point out that throughout Canadian and English history it not infrequently follows that a lowering of taxation increases revenue. We had that as far back as the days of Sir William Mulock in connection with postage, and it was repeated in the Robb budgets and in the budgets of Gladstone. In one particular instance, I may point out to the leader of the opposition as an example, the duty on blankets was doubled between 1930 and 1934, and the revenue fell off from $163,000 to $29,000. My right hon. friend raised the tariff on soups 7½ per cent, killed the imports, and we lost a revenue of $542,000. We know and realize full well that under a course of expanding trade, which the Liberals are now going to adopt, wherein we have made the first few faltering steps—and I wish they were stronger—we shall have an expansion of revenue just as we had on the previous occasion.

My hon. friend says that 82 9/10 per cent of the value of all our agricultural production was used at home, and only 17 1/10 per cent of our agricultural production found a market abroad. My friend arrives at these statistics by taking the gross value of the agricultural production of Canada. The gross production is not the net production, because it includes the amount that is used up in the production of the net, for instance, feed for cattle and all the rest of that stuff which does not reach the market directly but enters it in the form of beef and other finished products. In that process some of these things are counted twice, and thereby he reaches a figure which is not more than one-half the total percentage of the exports of farm products.

I come now to a point upon which I wish to place some emphasis. It has been argued by almost everyone on the Conservative side of the house that this agreement will work great injury to our railways. We heard that from the hon. member for Leeds; we heard it from the leader of the opposition; we heard it from the hon. member for Danforth (Mr. Harris) and, I think, from all the others who spoke against the resolution. Now, what is the test with regard to this question? I submit that it is the test of how it works out. In 1928-29 we had heavy imports from the United States. What was the condition of our railways at that time? They were very prosperous; they were at the highest level of employment and the highest level of earnings in their history,

barring possibly the war years. So I thought I would work out a table giving the revenue of the railways, the index of that revenue, the imports from the United States, and the index of imports from the United States. Taking the basis of 1926 as 100 I find this in seven years, covering 1922, 1926, 1928, 1929, 1930, 1933, and 1934, the three highest years of railway revenue were the three years of the highest imports from the United States; the three lowest years of railway revenue were years of the lowest imports from the United States. I find that when the Conservative government came into power, pledged as it was to cut down imports from the United States, it brought them down, and brought them down with a crash, but it brought the index of railway earnings down from 114 in 1928—as compared with 100 in 1926—to 54 in 1933. With the permission of the house I will place this table upon Hansard:

Calendar years	Revenue of railways	Index of railway earnings	Imports from United States	Index of imports from United States
1922	$440	89	$510	76
1926	493	100	669	100
1928	563	114	826	123
1929	534	108	894	133
1930	454	92	654	97
1933	270	54	217	32
1934	300	60	294	43

Figures of imports and railway earnings in millions—add 6 ciphers.

I should like hon. members to examine these figures. I think they will conclude this: that where the facts point out, as they do point out clearly, that the larger our imports from the United States the more prosperous our railways have become, then the solution of our railway problem, the solution of our traffic problem, does not lie in the restriction of imports from the United States. That I think is clear. There is no escaping the obvious fact that every time in Canadian history we have restricted imports its direct reflex has been loss of traffic to the railways. I made that remark the other day to a friend of mine upon the other side of the house—I mean upon the Liberal side of the house—and he said, "What do you expect? Is not that the natural and logical result to follow?" Not only natural and logical, but inevitable. And when this trade develops, as it will under this agreement, there is no question as to the results so far as the railways of Canada are concerned: they will move back once more to the era of prosperity.

I appeal to my Conservative friends to take the broad view of this question. My hon. friend from Leeds was worried for fear we had lost some little thing, a cent or two here and there or some trifling item in connection with this arrangement with the United States. But I want to point out that so great is the force which drives us to trade with the United States, it matters little if some of these trifling difficulties arise so long as the whole channel of trade is broadened and deepened and trade is permitted to flow. May I also point out how powerless we are to restrict it even when we try. In 1878, before the national policy was put into force, the percentage of imports from the United States amounted to 53·1 per cent of Canadian imports, exports to the United States amounted to 35·9 of total Canadian exports, and I doubt not that at that time when they were discussing that issue they said: Let us adjust the balance of trade with the United States. What followed? In 1880, under the first shock of the national policy, trade did adjust between the United States and Canada. Forty per cent of our imports came from the United States; forty per cent of our exports went to the United States; a triumph for the national policy! It was a short lived triumph, for in 1896, after eighteen years of struggle, eighteen years of high tariffs, we were bringing in 50·8 per cent of our imports from the United States and only 34·9 per cent of our exports went to the United States. After eighteen years the national policy had failed to change by more than a trivial extent the trade relationship between the two countries. Why? Simply this, that the imponderable forces which draw these nations together are far greater than the petty interferences which can be brought about by raising tariffs and striving to restrict the trade between the two nations. Since 1878 almost down to the present day we have done far too much on both sides of the house to restrict trade between the two countries. If common sense had guided us in the relations between Canada and the United States, what a different tale might have been told to-day!

I want to appeal to hon. members to look upon this issue in a broader way, not fault finding, not cavilling, not objecting here and

there to some minor item which may interfere with a small industry in a particular constituency. I quote, in closing, a statement made by Right Hon. William Ewart Gladstone with regard to the trade treaty made by the government of that day with France:

The only reason—

And this is strangely apropos.

—why we have not made bargains similar to the present in former years, was simply because we could not make them. It was not for want of trying. For four or five years this was almost the chief business of one or more departments of the State, and yet no progress could be made. Why? Because we then set out upon a false principle,—we argued the matter as if the concessions which each party made to the other were not a benefit but an injury to itself.

Is not that characteristic of the language which we have heard in the discussion of this issue? He continued:

We have not now proceeded upon that principle. We have never pretended to France that we were going to inflict injury upon ourselves. We have simply offered France our best aid in breaking down her own vicious prohibitory system. In doing so, we may have given a greater benefit to France than to ourselves. I shall not attempt to measure the comparative good to be reaped as between one side and the other. What we have done is good—nay, doubly good; good for ourselves if France had done nothing at all, doubly good because France has done a great deal.

I repeat that last sentence with one slight modification: What we have done in regard to this agreement with the United States is good—nay, doubly good; good for ourselves if the United States had done nothing at all, because we have lowered our own tariffs; doubly good because the United States has done a great deal.

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, after listening to the former Minister of Agriculture (Mr. Motherwell) quote scripture so freely I began to wonder what was the relation between the question under discussion and the experience of Saul of Tarsus on the road to Damascus or the parable of the good Samaritan. I am afraid that my hon. friend is somewhat of a Scotsman, and the suggestion is that a Scotsman is one who is well versed in the scriptures but who nevertheless has a strong commercial instinct.

The last speaker (Mr. Deachman) referred to the "nonsense of discussing trade balances," if I understood him correctly, and then proceeded to take fifteen or twenty minutes of the time of this house to give a very considerable number of figures in connection with trade balances, which I believe very few members of this house knew anything about. If it is nonsense to discuss trade balances—and that was his opinion—I do not see why during the last campaign the Liberal party did not make a greater effort to discuss trade balances from that point of view from platforms all over the country.

In discussing the question before the house I should like to suggest at the outset something that no doubt can be taken for granted; that is, that I find I am not in agreement with this resolution. In a very brief space of time I should like to outline why I have reached that conclusion. I do not know whether or not my reasons will have any effect on the course of this debate; nevertheless I should like to have the privilege of recording my personal views, which I believe are in harmony with those of my party.

As we have been told on many occasions the tariff serves two distinct purposes, the one to raise revenue and the other to afford protection to both industry and labour. For a moment I should like to deal with the first point, the purpose of raising revenue, and I do so in order to suggest to this house the possibility of placing more emphasis on that feature of the tariff and less on the second feature I mentioned. By reference to the publications of the Department of Trade and Commerce I find that in 1890 the total revenue of this country was $38,500,000, of which the customs tariff supplied $23,300,000. In 1913 the total revenue was $168,600,000, to which the customs tariff contributed $111,700,000. Coming down to 1934 we notice a tremendous shrinkage in the amount of revenue raised through the customs tariff. In that year the total revenue was $324,471,270, of which the customs tariff gave only the meagre sum of $66,305,356.

I would urge, Mr. Speaker, that in future more attention be given to the possibility of raising revenue through the tariff rather than through the process of direct taxation. For my own part, and I think I speak for the majority of the citizens of this country, I believe that is a fairer method of taxation; at least it distributes the taxes equally and more equitably among the people as a whole. I would far rather go to a store and pay $30 for a suit of clothes, if I could ever raise that amount of money, than pay $28 and then have to write out a cheque for the additional amount by way of income tax at the end of the year. I also believe, naturally, that we should continue to endorse protection as a policy. Canadian labour requires protection against unfair competition from countries where the wages paid for labour are ridiculously low, and our industries also require this protection not only because of the amount of capital invested in them but also because of the number of workers employed.

Many references have been made to the history of Canadian tariffs, and particular stress has been laid on the previous reciprocity treaty that came into operation in this country on March 16, 1855. That treaty was abrogated by the United States, and if I might intrude the remark at this stage I would suggest that the same step will be taken in the near future and the United States will abrogate this treaty that I presume we are about to consummate. As I have said, the first treaty was abrogated. The reason for that action was not as suggested by a previous speaker, as is well known to all students of economic history. It was terminated because of (1) friction which resulted from the civil war in the United States; (2) retaliation for a Canadian tariff imposed in 1859, shutting out United States manufactured products.

A little later we had the consummation of confederation, which opened up a very wide market within Canada for Canadian manufactured and agricultural products. At that time, and immediately following, we also had a small but nevertheless increasing market in Great Britain. In 1878 we had brought forward in parliament by way of legislation the so called national policy. If the right hon. Prime Minister (Mr. Mackenzie King) would permit me to do so, I should like to take exception to the suggestion he made during the course of his remarks, when he said that that policy was introduced as a retaliatory policy against the United States. If the right hon. gentleman would study again Canadian economic history he would quickly appreciate that the national policy was introduced by the Conservative party not for that reason but to correct the ills which had befallen this country chiefly because of the previous administration that had been in power previous to 1878. I would quote the words of Sir Leonard Tilley who, upon presenting his budget in 1879, said that the national policy was being put into effect "to select for a higher rate of duty those articles which are or can be manufactured in Canada, and to have those that are neither made nor likely to be made in Canada at a lower rate." That is the reason for the national policy, and I suggest that we note the two reasons he advanced, one being that of protection and the other the possibility of financial revenue.

We also notice the trade development in Canada during succeeding years. In 1896 there was a Liberal victory at the polls. Immediately following that election the late Right Hon. W. S. Fielding was placed at the head of a commission to investigate tariff conditions in Canada. May I pay tribute to the then minister of finance, because I believe he was an outstanding Canadian and one to whom a prominent place will be given when the history of Canada from 1896 to the time of his death is written. As the head of the commission he made a thorough investigation, but found no reason for changing to the extent of one iota the national policy under which Canada had operated for the previous few years. He continued to govern under the same policy.

The first important change made in Canadian tariff policy was about 1907. At that time we find three columns in place of the previous two which, in turn, had replaced one column. To-day we have the British preferential, the intermediate and the general tariff. Reference has been made to the reciprocity campaign of 1911, and I am surprised that so many men otherwise endowed with good judgment should inject into a discussion of that campaign certain remarks offered as facts, but which in my estimation were somewhat distorted. One hon. member supporting the government suggested that the election in 1911 was won by the Conservative party because it played only one string of the instrument, namely the possibility of annexation to the United States. That might have been mentioned during the campaign, but I suggest emphatically that it was not the cause of the defeat of the Liberal party. My Liberal friends well and truly know the truth of my statement. Reciprocity was defeated at that time because the people believed that if such legislation became effective Canada would be prosperous for only a day, and that after the treaty had been tried and abrogated by the United States, as the previous treaty had been, the people of Canada would have to find new avenues of trade.

We have always experienced considerable difficulty in our trade relations with the United States. Trade with that country is an uncertain quantity. Down to 1920 it was more or less peaceful, but following that time it was disturbed first by the Fordney-McCumber tariff, and then, to make matters worse, by the Hawley-Smoot tariff, the provisions of which were directed principally against our primary products of fish, cattle, lumber and agricultural products. As a result of those tariff restrictions we were forced to find markets elsewhere, and proceeded to do so. Even my Liberal friends, while in office from 1921, were forced to take cognizance of conditions actually existing and to endeavour to find avenues of trade with countries other than the United States.

In a few moments I shall quote figures to show that we have been more or less successful in seeking other markets, and that the government in office after 1930 was eminently successful in finding new avenues of trade for Canada. Those avenues were within the empire first, and then with other countries, not neglecting the United States. When we are farther removed from 1932 and when the history of that year is written I believe that standing out in prominent relief will be the trade agreement made by the present leader of the opposition (Mr. Bennett), who suggested the possibility of the conference in Ottawa, at which were effected the empire trade agreements. May I add that no more important piece of legislation has been introduced, and no legislation that gave such an immediate stimulus to trade, than the trade agreements made in Ottawa in 1932. Does any hon. member suggest that the Ottawa agreements had a disastrous effect upon Canadian trade? Let us examine the figures for the year ended March 31, 1934. I am going to examine them not from the point of view of the tremendous increase in trade between Great Britain and Canada, but in a broader sense. I want to see if that increase in trade with the British empire, and the United Kingdom in particular, had any disastrous effect upon our trade with other nations, particularly with that of the United States.

Our greatest exports go to the United Kingdom, the United States ranking second. In 1934 the value of exports to the United States was $194,443,139, and I would remind hon. members that we had that amount of trade after the trade agreements signed in Ottawa had been in effect for a year. Does that represent an increase or a decrease in trade as compared with the previous year? It represented an increase of $51,282,000 over our trade with the United States in 1933.

Did the trade agreement of 1932 have a disastrous effect on our trade relations with other countries? Not in the least. I find that we had our greatest imports from the United States, with Great Britain ranking second. From the United States we imported $238,187,000 worth of goods, representing an increase of $5,639,000 over the previous year. Nevertheless we continued to have an unfavourable trade balance of about $44,000,000. I agree with the previous speaker in his suggestion that we should not consider trying to establish a favourable trade balance with every country with which we trade. I believe that is an economic theory with which most hon. members will agree. I must emphasize the fact, however, that it is not advantageous to have an adverse trade balance with countries as important as the United States or Great Britain, for the simple reason that our money markets are situated in both those countries, and if our unfavourable balance in actual trade is too great it adversely affects our borrowing powers in those markets, particularly when we have to add to that unfavourable balance in actual trade the amount of money we have to pay out in interest and dividends to the New York and London markets.

I notice by reference to the statistics that Canada's external trade for the year ending March 31, 1934, was slightly over one billion dollars, an increase of 14·9 per cent, and this gave us a favourable trade balance of $218,000,000 despite an unfavourable trade balance with the United States. I must emphasize, in considering the motion before the house, that as a debtor nation Canada must maintain a favourable trade balance to facilitate the payment of our international obligations. Our Prime Minister realizes that; our Minister of Finance appreciates it; all members understand it is important, and I feel that careful study should be given to every phase of this agreement, bearing in mind our adverse trade balance with the United States at the present time and the tremendous amount of money we must of necessity pay in interest and dividends to that country.

I should like now to make reference to one particular industry that is adversely affected by this trade agreement, and I mention this one in particular because I am familiar with it and because it exemplifies many others placed in a similar position. The duty on the product of this industry, before the signing of the present agreement, came under the general tariff, with a rate of 32½ per cent. Now the products of that industry have a protection of only 30 per cent. The British preferential was 20 per cent, which was later reduced to 15 per cent. When we take into account the rate of wages paid in Great Britain as compared with Canada, and the lower cost of fuel and raw materials in Great Britain and some other countries, the 15 per cent and the 32½ per cent represent not enough protection for that particular industry. Yet part of that protection has been removed and the result is anxiety not only on the part of those financially interested but also on the part of labourers and others actively engaged in the industry. In this particular industry the wages paid in Canada are about the same as in the United States, but our raw material costs are from forty to one hundred per cent greater in Canada, and for that reason the industry feels the effect of this new tariff arrangement. Very unfortunately the government, in the short

sightedness of their policy, lowered the tariff on the finished article of this concern and forgot to lower the tariff on the raw materials entering into its product. The result is that the industry is suffering a handicap, and it cannot face any lower duty. The duty on the raw material of this particular company is exactly the same under the general as under the intermediate tariff. With your permission, Mr. Speaker, I should like to come back to a discussion of that particular phase a little later on, and to speak of another feature at the moment.

The raw materials which this company purchases wherewith to make its manufactured goods come into this country, or rather they are assessed in order to prevent them from coming in, on a specific duty basis, and not on an ad valorem basis. Let me give you an example of exactly what is happening. In previous years the raw material of this concern cost $4 a ton; to-day it is selling at $2 a ton, and the specific duty has remained exactly the same. That gives those who are manufacturing this particular material a protection, not of twenty-five per cent, but of fifty per cent, with the result that the company is charging seventy cents more for the product in Canada than is being charged for the same product in the United States. They are taking advantage of the tariff because the tariff is so arranged that the duty on the raw material is on a specific rather on an ad valorem basis. I would like to pursue that subject further a little later.

Coming back to the first question, I ask if it is not reasonable to expect that an intermediate tariff will be lower than a general tariff. If it is not, for what reason is there an intermediate tariff? If there is a rate in the general tariff of 32½ per cent, why should we find that same rate, 32½ per cent, in the intermediate tariff? We extend intermediate tariff privileges to certain countries, and they think that they are enjoying a benefit, but in reality they are not. In my estimation, Mr. Speaker, there should always be a difference between the general tariff, which should be higher, and the intermediate tariff, which should be lower. Otherwise you are going to have constant recurrence of this same trouble in industry where the raw material is assessed in one way and the finished article in another, where the raw material is protected on a basis where both the general and the intermediate tariffs are the same, and the finished article is protected on the basis of a difference between the general and the intermediate tariff. It is not fair, and I hope that the Minister of Finance will give consideration to that particular point.

[Mr. Walsh.]

There is another point I wanted to discuss in connection with specific duties. I do not believe in specific duties. They are handy and convenient at times, but they work out into a nefarious influence in our tariff arrangements with other countries. I refer you particularly to a certain heavy chemical, the duty being three-tenths of a cent a pound under the general and intermediate tariffs. When that tariff was instituted the chemical in question sold at $2 per 100 pounds. That represented a protection of about 25 per cent. To-day that same chemical is manufactured and sold at $1 per 100 pounds, and yet the specific duty remains exactly the same. It means that the industry is protected to the extent of fifty per cent, and I contend that that is not a fair way in which to make the tariff arrangements of this country. I would advocate doing away with these specific duties and placing the greater number of them, if not all, on an ad valorem basis.

I would also like to urge upon the attention of the house the fact that, on account of the influences that have been brought to bear from time to time, the tariff has been made into an unwieldy and peculiar proposition. Certain discrepancies we know are hidden in it. Certain primary industries that are so well protected that they are getting what I consider exorbitant prices, as compared with other countries, for the article they produce, and that in turn forces a higher price on the finished article of some other industry in this country. I would urge the Minister of Finance, when he is giving consideration to this treaty, to bear in mind such points as these, with a view to lessening the evils that may otherwise be done.

The suggestion is made in connection with this treaty that it is going to cause traffic to flow from Canada to the United States and from the United States to Canada; but I would like to ask, does it actually work out that way in practice· Is there not more theory than practice in that. Let us take an example. The tariff is lowered, but is the manufacturer of a certain line of goods going to discontinue his operations because of that. No; he is going to try to meet the competition from the United States, and if necessary, he will reduce his price. Some hon. members say that is exactly what they desire, but what happens to an industry under those circumstances. The manufacturer is intent upon maintaining the same rate of profit in his business, and in order to be able to sell at a reduced rate he endeavours to increase the efficiency of his plant. In other words, if a workman has been producing fifty articles per day in the past, in order to meet this new

arrangement he must now produce fifty-two articles so that the profits of the industry may be maintained and the United States competition met. Canadian industry is going to endeavour to keep out the products of United States industry; it is going to meet the competition and there will be no flow of trade between the United States and Canada if they can help it. The only time that a flow of trade will take place will be when one of our industries is forced to the wall. Such an occurrence will be disastrous, not only to the financial interests but also to the workingmen of this country. Every time our tariff arrangements are changed, some industry is affected. If our manufacturers are to be placed in competition with the manufacturers of outside countries, they will endeavour to meet that competition; they will attempt to meet it at the expense of our workingmen. I do not think it is fair for any government to put a manufacturing concern in the position of having to meet outside competition by taking it out of the workingmen. This is what will happen, and every hon. member realizes it.

American industry has three prices, commonly referred to as the l.c.l. price, the c.l. price, and the quantity or preferred price. If I am a small purchaser in the United States I am quoted the l.c.l. price; if I am a large purchaser I am quoted the c.l. price, but if I am an exceptionally large purchaser and happen to be in that preferred class, I get a still better price. When the American manufacturer enters into competition in a foreign market, does he quote the first price? No. Does he quote the second price? No. He quotes the third or preferred price. I maintain that industry in this country is being placed in an unfair position when it has to meet the lowest possible price American industry can quote. That is not fair or reasonable competition and we should not expect Canadian industry to have to meet it. We must realize that the finished product of one industry becomes the raw material of another. Once we begin to meddle with tariffs in the way suggested by the resolution now before this house, there will be a disastrous effect upon business. That effect will be felt in financial circles and also in the homes of the labouring class.

The Prime Minister (Mr. Mackenzie King) has suggested that "night will follow day." If he gives full effect to this treaty so soon after coming into office I am afraid that "night will follow day," not only in the industrial and commercial world but also as far as the Liberal government is concerned. What did the Liberal government do from 1921 to 1930 when they were faced with the effects of the Fordney-McCumber and the Hawley-Smoot tariffs. In his address to this house the Prime Minister suggested that the Liberals had done a great deal, but he gave us no example. I do not know whether the rules of the house make it necessary to accept a statement of that kind as bona fide, but I know in ordinary business such a statement would have to be followed up by one or more concrete examples before full effect would be given to it.

The Minister of Mines (Mr. Crerar) was loud in his applause the other evening when an hon. member mentioned his gratification at the clause giving $100 exemption to tourists. I invite him or any other member of the government to go before any meeting of boot and shoe retailers or any other retail organization in this country to see if he can get the same volume of applause as he gave to the hon. member. I am not playing politics when I say that this provision is going to have a serious effect upon certain Canadian businesses. The business life in many of our cities and towns will be affected, and I urge the government to give very careful consideration to this provision. In the interests of the many small businesses that have been built up through the years, the government should be very careful in defining what is meant by a tourist. If this is not done, many businesses in the towns and cities not too far from the border will have to close.

In conclusion, I should like to make one further plea. It is that in the future the tariff should not be considered as a political football. Whenever a change is made in the tariff, no matter how small, a ripple of discontent and fear runs through the industrial life of this country. Tariffs should be removed from the field of politics. A competent commission should be appointed, a commission composed of real experts. With due respect to the Minister of Labour (Mr. Rogers), I contend that these experts should not be all from our universities; some of them should be men of practical experience who know how to handle this intricate problem. Such a commission should be free from political influences and be able to remodel and revise our tariff system so that the discrepancies I mentioned in the early part of my address will disappear entirely and the business men of this country may have absolute faith in any government that may be in office. I do not agree with my hon. friends to my extreme left when they say that the Liberals and Conservatives have again been riding their "old hobby horses."

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

Mr. WALSH: May I be allowed to conclude? I suggest that the Liberals and the Conservatives are speaking sincerely; we are not riding a hobby horse. The Liberals have a certain point of view on the tariff and so have the Conservatives, and we express those views sincerely. I hope therefore that the remarks I have made will be taken as a sincere expression of my own feelings in the matter. I urge again that the tariff be removed from the field of politics and placed under an adequate commission, where it will be dealt with to the satisfaction of the business man, the industrialist, the financier, the labourer, the agriculturist and every other class in the Canadian nation.

Mr. A. MacG. YOUNG (Saskatoon): I almost hesitate to attempt to add anything to this debate, which has been going on now for a considerable time. I do not flatter myself by thinking I am going to add anything of material value to the discussion we have had so far. I am inclined to think the debate has already lasted much too long, and I recognize at this very moment that I am guilty of protracting it. I must say, however, that I remarked to the chief whip that if there were any way of concluding the debate at once I for one would not stand in the way.

Before going further I want to say a word or two with regard to the observations of the hon. member who has just spoken (Mr. Walsh). He began by referring to his preference for what he called a tariff for revenue. Let me invite him to change sides; let him come over here. A tariff for revenue is not a protective tariff. It may to a slight extent be protective, but primarily it is based upon the principle of yielding revenue, and whenever a tariff becomes too high, whenever it becomes in fact a protective tariff so as to keep out imports, it ceases to be a revenue tariff. I would ask the hon. gentleman to study the difference between a revenue tariff and a protective tariff. If he did so he would probably find his seat somewhere on this side.

The last remark of the hon. gentleman was this, that if there was one thing he would appeal to the house to do, it would be to remove the tariff from political action. If I had the responsibility of naming a tariff board to which to refer such matters, I would start with the hon. member for Huron North (Mr. Deachman); I would name Mr. E. J. Young, who formerly represented the constituency of Weyburn, and some other gentleman with views similar to the views of these two, and then we should see whether my hon. friend would want to take the tariff out of politics and entrust it to such a board.

Mr. WALSH: Does my hon. friend not think that to choose politicians would be putting the tariff directly into politics?

Mr. YOUNG: One of the gentlemen I have suggested is unfortunately not in the house at present.

An hon. MEMBER: Not for long.

Mr. YOUNG: As my hon. friend says, it is not for long. If there is one thing that we certainly should not do it is to take the tariff out of the House of Commons, where we represent the views of the people, and hand it over to the sort of board my hon. friend would set up. If we did that, then I would say, God help this country.

I have listened with a great deal of interest to the debate. I listened with particular interest to the Prime Minister (Mr. Mackenzie King) as he presented the case, and when he was through I wondered what the leader of the opposition (Mr. Bennett) would have to say. When the Prime Minister concluded I was afraid of one thing and one thing only; he had proved so conclusively that the Conservative party had had a good deal to do with what they called the basis of negotiation that I was afraid there must be something wrong with the agreement itself. I was therefore profoundly relieved to discover, as this debate proceeded, that after all their negotiations in connection with an agreement had been carried on merely for a political purpose.

I must congratulate not only the party to which I belong but the country upon having at the head of affairs a man of the clear vision and undoubted leadership of the present Prime Minister. It is most fortunate for Canada that we have as Prime Minister a man whose views on these questions lie along the channels of those of the right hon. gentleman, and I must compliment him upon having taken the earliest opportunity to go to the United States and conclude an agreement, which possibly may have been begun by my hon. friends on the other side.

The Prime Minister took three hours to set forth his case, and he stated it quite clearly. I am not worrying about the length of time he took because, as I say, he presented the whole subject with unequalled clarity, forcefulness and thoroughness, so that after he was through there was—I at any rate felt so—nothing more for us to do than to let the question go to a vote. I thought however that it was only fair that the leader of the opposition should take two or three

hours to state the point of view of his party, and he did very well from that standpoint. But I was rather disappointed that these hon. gentlemen should have gone back to the years 1854, 1867 and 1871, and my hon. friend who has just sat down quoted something said by Sir Leonard Tilley in 1879. Now I am not very much concerned with what Sir John Macdonald or Sir Leonard Tilley or anybody else may have thought; I am concerned with what this agreement means to people in Canada who are suffering at this very moment. I know that those whom I represent are more concerned with that question than with anything else.

After all, what of this agreement? What is it for? What is its purpose? Well, the debate served one useful purpose at any rate; it showed the distinction between a Liberal party and a Tory party. We on the Liberal side recognize that trade is not war and that a fair exchange of goods can do nothing but good to the countries engaged in that operation. That is the first point we keep in mind, and in this agreement we tried as far as possible to carry that principle into action. We realized that there was something materially wrong with the world. I should like to quote a few words which I have come across in various papers and documents in the course of some years. When the world was heading for disaster I found that statesmen everywhere, and bankers and business men of all classes, were seriously considering the world's state of affairs; and it is amazing to find that even the Conservatives, when they are making speeches not directly aimed at securing votes, sometimes utter words of sanity.

I will quote first from a statesman who is well known, Mr. Lloyd George. What did he say in 1931? He said:

> Tariffs and armaments are the favourite children of the god of war.

I wish those words could burn themselves into the souls of hon. members. Mr. Lloyd George, in other words, is saying that by increasing tariffs throughout the world men are endangering the peace of the world. And what was said by Arthur Henderson, British Foreign Secretary, in the same year, speaking to the council of the League of Nations at Geneva? A New York correspondent described his remarks as the most forceful appeal for action on behalf of suffering humanity ever heard in the League of Nations. This is what he said:

> Then, dealing with the various proposals before the commission, he referred to existing tariff conditions as a state of economic war and branded the policy of nations which strive by every means to keep out foreign goods as a policy of madness.
>
> "I repeat," he said, "that among the different causes contributing to the world depression the magnitude and high level of protective tariffs rank first and foremost."

Then I quote a statement given in 1932 by one of the business men of Great Britain. I had the pleasure of meeting him a few months ago in my own city. This is what he said in the press in 1932:

> During the last three years we have exported less of our goods to Canada than for many years before, and this is due to a great extent to conditions in the dominion and to your ridiculous tariff policies. If your wheat belts are down the whole of Canada is down and all the twopenny-halfpenny manufacturers of eastern Canada cannot alter the situation. These tariffs are responsible for the high cost of living in the dominion, and you people out in the west have to pay through the nose for all you get as the result.

When I saw that gentleman he went further than that. He said to me:

> We can do without your business in Canada, but you cannot do without our markets in Great Britain for your western products.

That is not all. Some years ago a very large number of economists in the United States signed a petition to the then president, Mr. Hoover, asking that tariffs be lowered. They recognized then that the Hawley-Smoot bill was a virtual embargo against goods coming into that country. They said this:

> We were convinced from our study of this question and from an analysis of the bill that it would work disaster upon the foreign trade and the domestic economy of the United States. These conclusions have been confirmed by events.
>
> Many of the duties written into the Hawley-Smoot bill were intended to raise prohibitive tariff walls against international trade. Such rates defy all sound principles of economics. They spread the blight of unemployment and strangle commerce. While deluding them with a false promise of improvement in their condition, they impoverish the working people of all nations.

Later on we were very glad to see that, when there was a change of government in the United States, Mr. Cordell Hull, Secretary of State of the United States, admitting that the United States had set the vicious example of high tariffs, said:

> We have now repented.

There was the beginning of an opportunity of making a reciprocity pact between Canada and the United States. He went on to say:

> Just as we set the vicious example of erecting the trade barriers of high tariffs which induced others to follow us, so now we are asking other nations to join us in an attempt

to undo the damage our collective action has worked. We wish to break down all the artificial and excessive impediments put in the way of world commerce, not only in our own interest but for the benefit of all others as well, since only by restoring the whole world can individual countries hope ... to remain economically healthy long.

The bankers in our own country have begun to take a real interest in this matter. They saw how their own situation, like that of all the people, was becoming serious. The manager of one bank said:

One of the reasons of the intensity of the depression in Canada is the high tariffs and trade restrictions throughout the world.

The manager of another of our large banks said:

The world's tariff barriers would increase until they become so provocative that a new generation would arise and knock them all down, Mr. Wilson answered William Duff, a low tariff Liberal. Liberal members of the committee applauded. Mr. Duff had asked Mr. Wilson as a banker and business man how Canada could increase her foreign trade. Mr. Wilson said there were too many tariff and other barriers against world trade. To get an increase of this trade there must be general lowering of tariff barriers.

Yet another manager of a bank said—and I want every hon. member to realize the meaning of these words:

We will get out of this depression when the governments get together and start trading again among themselves. I think it is well known that tariffs, quotas and heaven knows what, have prevented world trade.

Mr. BENNETT: It is "heaven knows what" that is the trouble.

Mr. JAQUES: May I ask the hon. member to explain how it is that Great Britain, when completely free trade, was the first country in the world to feel the depression, ten years before we did, and how, under a system of protection—

Mr. YOUNG: Mr. Speaker, I am afraid I have not enough time. I cannot hear my hon. friend anyhow.

An hon. MEMBER: You never can.

Mr. YOUNG: If I were to digress to a discussion of the matter of free trade in Great Britain it would take too much time.

Mr. JAQUES: The hon. member is the one who has just referred to Great Britain. I asked him a plain question.

Mr. SPEAKER: The hon. member for Saskatoon has the floor unless he permits the hon. member to ask a question.

Mr. YOUNG: I did not hear the hon. member's question. Anyhow my time is too limited. I want to come a little closer to my hon. friends the Conservatives and see what they said.

Mr. Henry, when he was a good Conservative premier of Ontario, made a speech at the opening of the Woodbine bridge in Toronto. Perhaps the bridge, with its provisions for two-way traffic, suggested the matter of trade to him, because he made some statements that have been made frequently in the west. He said:

If Canada is to sell to the other parts of the empire, Canada must be prepared to lower the barriers of protection. If the imperial conference at Ottawa proceeds on a basis of give and take, then it will achieve results. If not, then the gathering of the empire representatives around the conference table will be abortive. We must throw overboard many of our old beliefs.

The Right Hon. Arthur Meighen said, in a speech at St. Catharines:

A compact of nations to lower tariffs is part of a logical solution for the depression.

Then my right hon. friend the leader of the opposition said this in 1932:

For we must commonly agree that there can be no continued sale without purchase; that if we expect to market our goods in the United Kingdom we must expect to purchase goods from the United Kingdom.

Our present Prime Minister, quoting these words, said:

There at last we have a straightforward admission from the government that exports are paid for by imports. And what is true of trade between the United Kingdom and Canada is equally true of trade between other parts of the world and this country.

Canon Cody, now president of the university of Toronto, a lifelong Conservative, and once a minister in a Conservative government, said:

The British peoples do not desire or mean to pursue a policy of economic isolation, but they are in a mood at the moment to remember the family first. When these family claims and inter-relations are secured there will still be ample scope for the friendliest relations with other countries and particularly with this great country—

He was speaking in the United States—

—on the basis of give and take. Can you ever get a satisfactory arrangement that is not based on give and take? It can't be all take and no give. No country can carry on business under those conditions.

And then he went on to say:

I entirely agree with what His Excellency Sir Ronald Lindsay has said. Ultimately there will have to be an adjustment of ideas, in my humble opinion, on the whole question of tariffs, throughout the world, if the world is to regain the prosperity for which it hopes. At first we all want to sell as much as we can abroad and buy as little as we can abroad, but that program in the long run can never be carried out. Commerce involves mutuality.

We all want more international trade. Yet in fact we put barriers in the way and then wonder why there is not so much international trade as we wish to have.

I have not time, Mr. Speaker, to give many more quotations. I have cited sufficient to show that in the last five or six years not only politicians, or statesmen if you will, but bankers, business men and others, have been proclaiming that the only way to begin to solve our economic difficulties is by again starting to establish international trade. I have quoted from Conservative speakers in their lucid moments, when they are opening bridges and the like. They will then say what they really know and believe, that only by reducing these tariff barriers and other restrictions are we going to begin once more to have international trade.

What is the very basis of this reciprocity pact? There is nothing very strange or wonderful about it. It is simply making a deal with another country, that they shall take some goods from us and we shall take some goods from them, the one in payment of the other. And because some hon. gentlemen opposite have tried to say that these accounts may not exactly balance we are told that therefore the proper thing to do is to keep on strangling trade.

I was surprised at the hon. member for St. Lawrence-St. George (Mr. Cahan) the other night. First let me say that the right hon. leader of the opposition attempted to chide the right hon. Prime Minister of Canada for not having made this agreement between 1921 and 1930, but later the hon. member for St. Lawrence-St. George said that he was not going to do anything of the kind because he recognized that the government in power in the United States at that time would not deal with the Liberal government or any other government; consequently he told the Prime Minister not to offer any apology. That was different indeed from what was said by my right hon. friend the leader of the opposition. But the hon. member for St. Lawrence-St. George went on to say more, dealing with the policy of the Conservative party when they were in power. At page 800 of Hansard the hon. member said:

> It is further suggested by one hon. member who preceded me that we were in favour of high taxation and that the late government had increased taxation and the rates of duties on imports. We did. By various ways, which if you like you may describe as subterfuges, we did decrease the importations from the United States, and in doing so we believed that we were salving and saving the financial stability and the whole financial structure of Canada. In the forty minutes allotted to one it is impossible to give details, but I am fully convinced of the fact.

Then the Prime Minister asked:

> Would that be equally true of imports from other countries as well?

The hon. member for St. Lawrence-St. George replied:

> We were anxious to take imports from any country that would trade with us, but the United States would not trade with us.

Have hon. members ever heard a statement delivered by any hon. member in this chamber which said more clearly and emphatically that the Conservative party did not want to trade with the United States than the statement made by the hon. member for St. Lawrence-St. George, who says that they tried even by subterfuge to keep out goods coming from the United States? Am I supposed to believe this was the party that sincerely went to that country to try to bring about a reciprocity pact? I will tell you, Mr. Speaker, what took place. Those negotiations were carried on just prior to an election. That was the dummy that was to be dangled before the eyes of the electors of the Dominion of Canada by the Conservative party, to see whether perchance they could not get some votes.

Then I want to go a little further. The other day the Prime Minister asked the leader of the opposition why he did not conclude an agreement if the negotiations had proceeded to the point at which the agreement was ready for signature. What was the reply? The right hon. gentleman said that he preferred his country to office and power. Did you, sir, ever consider the meaning of that statement? The right hon. gentleman must have believed the people of this country would support a reciprocity pact; otherwise the statement means nothing. The further inference is that if he brought in such a pact the people would vote for him and he would be in power. He said that he preferred to stand by his country; in other words he was afraid to trust the judgment of the Canadian people. Let me say to the right hon. gentleman, however, that even if this pact had been negotiated and placed before the people and approved, as it will be approved by them, that was only one element that had to be considered in that election. Even had the right hon. gentleman negotiated this reciprocity pact the Conservative party would not have been returned to power; there were so many other factors operating against that party that this one act, even if it had been consummated, would not have been sufficient to return them to power. I want every hon. gentleman to remember that statement of the right hon. gentleman who must have thought the people would approve a reciprocity pact.

We have heard many speakers during the debate, and I have in mind particularly the hon. member for Davenport (Mr. MacNicol), who spoke of the tariff of the Right Hon. R. B. Bennett. I wondered whether he was drawing a distinction between the tariff of the Right Hon. R. B. Bennett and the tariff of the Conservative party, when he repeated his leader's name time and time again. Then the hon. member went on to say that nine Conservative members had been returned from the city of Toronto and a few others from nearby centres. I interjected the remark that if the hon. member would take a look around the house he would find out exactly what the people of Canada thought of the actions of the government led by the present leader of the opposition. The hon. member for Davenport was trying to show that the high tariff of the previous government, the highest tariff ever known in Canada, together with the manipulation of exchange, the dumping duties and various other restrictions, may have brought some immediate advantage to some of the manufacturers of Canada, but there is one factor of which the hon. gentleman has never thought. He has never given any consideration to the interests of the consumers of Canada. Unless we turn the whole table around and look after the consumers, we shall never reach a basis on which prosperity will be established in Canada.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

POST OFFICE ACT

On the order:

Second reading of Bill No. 8, to amend the Post Office Act.—Mr. Boulanger.

Mr. SPEAKER: Before the bill is read a second time it is my duty to call the attention of the hon. member to the fact that I think this bill is not in order, as it is a money bill.

Mr. OSCAR L. BOULANGER (Bellechasse): Mr. Speaker, I am sorry to interrupt you, but the accused claims the right to be heard before sentence is passed.

Mr. SPEAKER: Does the hon. member wish to speak to a point of order?

Mr. BOULANGER: I should like to know what the point of order is.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I was about to rise to a point of order. This bill contemplates an appropriation of public moneys, and therefore it is beyond the province of a private member to introduce it.

Mr. SPEAKER: Do any other hon. members wish to speak to the point of order?

Hon. FERNAND RINFRET (Secretary of State): I understand that when a point of order is raised by an hon. member it may be debated, but when Mr. Speaker renders a decision on his own initiative, I do not believe it is in conformity with usages to discuss it.

Mr. BENNETT: Mr. Speaker did not rule.

Mr. RINFRET: I have nothing to say about the bill.

Mr. SPEAKER: I invited hon. members to discuss it, because the other day I had some doubts. Since then I have looked into the matter and now I have no doubts about it, but before giving my decision I should like hon. members to express their views.

Mr. BOULANGER: On the point of order, I understand that objection is made to the bill because it is alleged that it calls for an expenditure of public moneys, thereby involving a procedure which is not within the rights of a private member. I submit respectfully that this bill does not call for a fresh expenditure of money, but calls simply for a new method of expending money which has already been voted.

The object of the bill is to replace the sweat shop and cutthroat competition system existing of awarding mail contracts by a more reasonable and more logical system based upon mileage and a flat rate. It might be that the average remuneration of mail contractors under the proposed system would be a little higher than the average remuneration under the present system, but I submit respectfully that there is no evidence of that and, further, that the system proposed by the bill is so simple and so easy of application that it will result in a saving to the government. The saving in the application of the new system will compensate for any increase, if there is any, in the average rate of remuneration of mail contractors.

May I cite a precedent, Mr. Speaker, for your consideration. In 1929 an amendment was moved in the house by the Hon. Mr. Guthrie. The hon. member's amendment did not have quite the same phraseology as has the bill now before us, but the object was the same, and it was not ruled out of order. It was discussed during two sittings of the house. That amendment was moved on April 16, 1929, and is found at page 1616 of

Hansard. On motion of the late Hon. J. A. Robb, the then Minister of Finance, that the house go into committee of supply, Hon. Hugh Guthrie, the then member for South Wellington, moved the following amendment:

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

"In the opinion of this house the present system of awarding contracts for the delivery of rural mail by tender has proved unfair, burdensome and unsatisfactory, and that such rural mail carriers should be appointed by the civil service commission upon a permanent basis with a definite rate of pay, based upon mileage and the physical conditions of the territory involved, having regard to the amount paid to the other servants of the government for similar employment."

That amendment was discussed during two sittings of the house, and I suggest that the object behind it is exactly the same as that behind the bill standing in my name. I repeat that the bill does not call for an expenditure of additional money which would have to be voted, but provides simply a new method or a new way of expending money which has already been voted for the payment of rural mail contractors.

Hon. J. C. ELLIOTT (Postmaster General): Mr. Speaker, I do not propose to discuss the point of order further than to deal with the statement made by the hon. member for Bellechasse (Mr. Boulanger) that there is no evidence that this bill involves an increase in the expenditures for the transportation of mail. First I would ask hon. members to consider the object of the bill. It states that it is "to properly remunerate the mail carriers." Its object is to give higher pay to those hauling mail by doing away with the present system.

I do not propose to discuss the relative merits of tender and flat rate payments, because at this point I do not think those questions arise. On the point of order, namely as to whether the bill would have the effect of increasing the amount of money to be paid, I have obtained from officials of the department an estimate of the increase in the cost. According to figures furnished by them the present cost of mail transportation is about $6,000,000 per year, or an average of about eleven cents per mile. My information is that if the provisions of the bill were adopted the minimum price mentioned in the bill—

Mr. BOULANGER: I wish to raise a point of order. The minister is discussing the merits of the bill, something which he has no right to do on the point of order which has been raised. The point of order is this: Is the bill in accordance with the rules of the house. I would point out the minister is discussing the merits of the bill, and that he has no right to do so.

Mr. BENNETT: No, no.

Mr. RINFRET: I do not think the point of order is well taken. The minister is trying to show that the bill would have the effect of increasing expenditures, and that is the very essence of the first point of order raised.

Mr. LAPOINTE (Quebec East): Surely.

Mr. SPEAKER: The minister has the right to raise the point he has raised, and to make the explanation he is now making.

Mr. ELLIOTT (Middlesex): My information is that an increase to the minimum rate mentioned in the bill would mean an increase of $10,668,000 per year over the $6,000,000 that we now pay.

Mr. BENNETT: What is the figure?

Mr. ELLIOTT (Middlesex): We now pay $6,000,000, and I am told that an increase to thirty-five cents a mile for the transportation of all the mail would mean an increase of $10,668,000. To-day the total revenue of the Post Office Department is about $36,000,000. Therefore the change would bring about an increase to the extent of nearly a third. To increase it to seventy cents per mile would increase the amount by over $27,000,000. That is all I wish to say.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I should like to make our position clear. We are absolutely opposed to the bill, but we believe it is the right of hon. members in this house to present motions of general importance and couched in general terms, and we feel that to have such motions refused is an infringement on the privileges of the house. We do not think it is proper to refuse such motions simply on the ground that in some remote way they may or may not involve some increased public expenditure. I take it that we are simply discussing a principle of policy—

Mr. BENNETT: This is a bill.

Mr. WOODSWORTH: Although I am not in favour of the bill I think we should safeguard private members' resolutions.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I spoke briefly before, but I should like to say something further.

Mr. SPEAKER: Proceed.

Mr. BENNETT: This is a bill, not a resolution. A resolution offering an amendment to a motion to go into supply might obviously be in order and a bill would not be in order, for reasons which need not be mentioned. Paragraph 549 of Beauchesne's Parliamentary Rules and Forms reads as follows:—

549. All bills providing for the payment of salaries or for any expenditure whatever out of the public funds of the dominion must be first considered as resolutions in committee of the whole. And all such resolutions necessary to the introduction of a bill must first obtain the recommendation of the governor general. It often happens that bills are introduced with certain clauses providing for salaries or other charges on the public revenue, and in that case the bill may be introduced directly on motion, while the clauses in question (which should be distinguished by italics or brackets), are considered in the shape of resolutions in committee on the bill. But this can only be done when the money clauses are merely a part of the bill. Whenever the main object of a bill is the payment of public money, it must directly originate in committee of the whole. The rule also applies to releasing or compounding any sum of money due to the crown and to the imposition of any state tax upon the people, but not to pecuniary penalties necessary to the operation of a bill.

That is a quotation from paragraphs 502, 503 and following of Bourinot.

The preceding paragraphs are in much the same terms, and paragraph 791 gives effect to that principle. I was anxious to hear what the Postmaster General (Mr. Elliott) had to say as to what was involved, and apparently it means an imposition of an additional tax upon the people of Canada of approximately $10,000,000, which is a very large sum of money, and when he made that statement it did seem to me that it was conclusive of the matter. One might well be in favour of the principle of the measure, but it would have to be one that emanated from the government as a matter of governmental policy. I think the hon. member for Winnipeg North Centre (Mr. Woodsworth) must agree that there is a vast distinction between a resolution which merely expresses a pious hope that something may be done and a bill which, when enacted, becomes part of the statute law of the country. There is a clear distinction made in the books, and that is the reason I raise the point.

Mr. SPEAKER: Does any other hon. member wish to speak to the point of order?

Mr. T. A. THOMPSON (Lanark): I understand, Mr. Speaker, that we are not allowed to discuss the provisions of the bill and can speak only to the point of order. I have nothing further to say on the point of order, but I heartily agree with the provisions of the bill, and when it does come up I shall support it.

[Mr. Bennett.]

Mr. SPEAKER: This bill provides that that Postmaster General may award contracts for the transportation of mail; that no contract for an amount exceeding $1,000 per annum may be awarded without the approval of the governor in council, and that the contractors shall be paid according to a fixed rate between thirty-five cents and seventy cents per mile per day unless otherwise authorized by the governor in council.

Moreover, the sponsor states in the explanatory notes that it is sought by this bill to "allow the Postmaster General to properly remunerate the mail carriers who perform the important function of transporting the mail of Canada."

In the session of 1929 Mr. Guthrie moved as an amendment to the motion for committee of supply that rural mail carriers should be appointed by the civil service commission upon a permanent basis with a definite rate of pay based upon mileage and the physical conditions of the territory involved, having regard to the amount paid to other civil servants for similar employment. This was in order because it was not a bill; it was a proposed resolution drafted in general terms which had no immediate effect and would have had to be followed by a bill amending the Post Office Act. But a bill like this one, authorizing the Postmaster General to enter into contracts for carrying the mail involves the appropriation of public revenue and must be recommended by the governor general and originate in a committee of the whole specially set up for that purpose. A resolution must first be submitted which, under standing order 60, cannot be considered on the day it is moved but must then be adjourned to a future sitting. A bill founded on that resolution is then introduced. Such measures are always sponsored in our house by ministers of the crown.

This bill does not follow these requirements, which are obligatory under the British North America Act, the standing orders and our practice, and I am bound therefore to rule it out of order.

CIVIL SERVICE ACT

Mr. OSCAR L. BOULANGER (Bellechasse) moved the second reading of Bill No. 9, to amend the Civil Service Act (vacancies, outside service, priority to returned soldiers).

Mr. BENNETT: Explain.

Mr. BOULANGER: Mr. Speaker, this bill is an amalgamation of two bills which have already been before the house. Sections 3 and 4 of the present bill contain the objectives of the bill which I myself presented in 1931, and sections 2, 5, 6 and following sections contain the objectives of the bill that was presented to the house by Mr. Gagnon, the former member for Dorchester, during the last days of the session of 1931, and again in 1932. In 1931 Mr. Gagnon's bill was not discussed, but it was discussed at some length in the 1932 session and was finally given its second reading and referred to a special committee of the house. As to my own bill it received first and second readings, was discussed at three or four sittings of the house, and finally was killed in committee on the motion of Mr. Bell, then member for St. Antoine, that the committee rise.

It would not be correct for me to say that the two bills were received with unanimous approval by the house, but they had quite a number of supporters, and with the permission of the house I shall quote from the debate that took place when the bills were under discussion, as it will save my making arguments of my own. Referring to the preference given to returned soldiers and to regulation No. 11 of the civil service commission the Hon. Charles Stewart, then member for West Edmonton, said, as reported at page 1199 of Hansard of 1931:

> As I understand the bill, and I hope I am correct, it does not attempt to interfere with the preference granted to Canadian soldiers. But we are more than twelve years—
>
> It is seventeen or eighteen years now,
>
> —away from the war, and I think it can be said without fear of contradiction that the Canadian government, quite irrespective of party, has given preference to British soldiers and soldiers of the empire which are not duplicated in any other dominion or in any other part of the empire. To say now that a British soldier who has come to Canada within the last three years shall have the same preference as a Canadian soldier hardly seems fair. Mark you, I am not desirous of taking away the preference from the Canadian soldier; I am very much in favour of it, but to say that a British soldier who has resided in England since the end of the war and who has come to Canada within the last three years shall enjoy the same preference as the Canadian soldier, both as against civilians in an application for a civil service position, is I think going a considerable distance. I do believe the preference should be retained in its entirety as far as the Canadian soldier is concerned, but I do not think it should go beyond the provision suggested in this bill by my hon. friend, namely that recipients of this preference shall have resided in Canada for five years.

I pause here to say that in 1932 the Civil Service Act was amended to make the residence requirement five years instead of three, as was proposed in my own bill at the time, before anyone could be appointed to a position in the civil service. The Hon. Mr. Stewart continued:

> That seems to me an eminently fair proposal. Our own Canadian soldiers have had that preference since 1918, as was pointed out by my hon. friend, and I think the time has come when young civilians growing up in the country have a right to some consideration over those who have come to Canada and taken up their residence among us but have not been here for five years.
>
> That is my position in regard to this bill. I do want to see that preference retained as far as the Canadian soldier is concerned; a right which he has enjoyed since 1918, but it seems to me we are over-generous in our treatment of the men who have come among us within the last few years in giving them a preference over our young civilians who have grown up in the country.

I should like to quote what was said by another good friend of mine who is no longer in the house. Mr. Duguay, the former member for Lake St. John, is reported at page 1201 of Hansard of 1931 as follows:

> If all the Canadian veterans had work, I readily would understand that the bill of the hon. member for Bellechasse would be unnecessary. However, there are too many of them unemployed and needing the assistance of the government. I think that we should all favour this measure; for my part I shall give it my entire support.

I should like to quote what was said by my member in the House of Commons, the hon. member for Quebec South (Mr. Power), Minister of Pensions and National Health. I might tell you, Mr. Speaker, that I always vote for the minister. When my bill was under discussion before, a point was raised by Mr. Geary, the former Minister of Justice. My bill asked that the veterans' preference should be restricted to Canadian veterans and Mr. Geary pointed out that that might result in an injustice being done. He said that a number of citizens of Great Britain, for instance, were living in Canada at the time of the declaration of war. Many of them enlisted in the Canadian forces and he contended that an injustice would be done to those who had not resided the necessary five years in Canada prior to enlistment. Although these men were not Canadian nationals they enlisted in the Canadian army. I saw the force of his argument; I realized that my bill was not drafted correctly, and as a good elector I called for the assistance of my member. I asked the Minister of Pensions and National Health to draft an amendment, and section 3 of the present bill is the amendment which he drafted to the 1931 bill.

Mr. LAPOINTE (Quebec East): He acted as legal adviser.

Mr. BOULANGER: He acted as my private adviser, as all members of parliament should act towards their electors. This is what the minister said, as reported on page 1763 of Hansard of May 19, 1931:

I believe a number of the members of this house will agree with me that, whatever patriotic motives we may have had at that time in inserting such a provision,—

He was referring to the veterans' preference in the Civil Service Act.

—it is no longer necessary that we should give a preference to those who served in the allied forces. Let me give an example which, while it may be personal, I believe will apply to other members of this house who served overseas. I have a son of seventeen. In another year or two he will be eligible to enter the civil service of Canada. I hope and pray he will never desire to do so, but the fact is that he will in due course become eligible. Should he desire to enter the civil service he will be obliged to submit to a preference in favour of a Portuguese or a French Senegalese or some other soldier who at some time or other served in the allied forces. This seems to me absolutely ridiculous. There is no reason why the children of Canadian returned soldiers should be obliged to give preference to someone who served in any one of the allied forces.

An hon. Member: In the foreign legion.

Mr. Power: Yes, in the foreign legion. But I am giving examples of armies from which it would be very difficult for us to obtain the real military record—armies of Montenegrins, of Serbians and of every nation on earth.

An hon. Member: Russians.

Mr. Power: Such men may come to Canada and, provided they have the residential qualifications, having become British subjects perhaps only two or three years ago, just long enough to make them Canadian nationals, may have the preference over children of returned Canadian soldiers. I submit that the act as originally drawn, in section 29, subsection 4, should be changed; and if this bill is allowed to go into committee I propose to submit an amendment which will eliminate the preference given to members of the allied forces.

That amendment is section 3 of the present bill. The minister continues at page 2690, as follows:

When this bill was last before the house, I gave notice of an amendment which I proposed to move. It will be found in Hansard of May 19. The object of the amendment was while preserving to Canadian soldiers and to those who had served in the Canadian army or in the army of the British Empire the returned soldiers' preference, to exclude those who served in the armies of the allies and who had come to Canada after the date of the passing of the act. It was the purpose also to exclude those who served in the armies of the empire other than the Canadian army who may have come to Canada after the passing of the act. That is to say, anyone who is living in Canada prior to the passing of this act and who had served in any of the forces of the empire, either naval or military, still keeps the preference which was accorded to him by the Civil Service Act of 1919. Any who come in the future however will be excluded from that preference. To my mind the suggestion is broad enough; as a matter of fact a great many people have told me that perhaps it is too broad. At any rate however it amply preserves all the rights and privileges of people who at the present time are citizens of Canada and who fought the battles of the empire. On the other hand it enables young Canadians if they so desire to qualify for service in the civil service of Canada and not to be excluded from entering that service by being brought face to face with a preference in favour of persons who by no right or privilege which we can grant them should be allowed a preference over our own people.

Those were the opinions in favour of the bill which were expressed at that time. We desire to restrict the preference given by section 29 of the Civil Service Act to veterans who enlisted in the Canadian army. I think that is only right. I hope that at least this part of the bill will have the support of the leader of the opposition (Mr. Bennett). It is a good "Canada first" policy. After this bill had received its first reading I received a telegram which I should like to read in order to show that Canadian veterans are not opposed to the principles embodied in this bill. The telegram reads:

Your bill re Canadian ex-service men long overdue. Reference to Welland canal will prove your contention. Congratulations on your stand.

N. McCrae,
Ex-member—First contingent.

In order to illustrate, not my argument but the arguments of others which I have read already, I should divulge to the house the situation at the Welland canal. I have in my hand sessional paper No. 428 tabled during last session. This shows the names, occupations and salaries of the persons employed as of June 5, 1935, by the government of Canada on the Welland canal. It gives also the country of origin of each of these persons, and how long they had been residing in Canada, when they entered the public service. I have made an addition and have found that at that date there were 511 persons employed by the government of Canada on the Welland canal. Out of this grand total of 511 there were 245 persons who had not been born in Canada, but I do not want to leave the house under a false impression. Not all of these 245 had recently come to Canada when they entered the public service on the Welland canal; a great number of them had been here ten, twenty and even thirty years. But out of the 245 I find that there were fifty-eight who had not resided ten years in Canada when they entered the service of the country, and sixteen had resided less than five years when

they obtained employment on the canal. There are a few extreme cases to which I would call attention. There is, for instance, the case of a man who came from Italy and got a job on the canal after having resided in Canada seven years, and it is stated on the return that he is an overseas man. He received the preference provided for in the Civil Service Act, in regard to men who had served in the allied armies. He had served with the Italian army; he came to Canada and resided here the necessary five years, and then he claimed his preference as a veteran of one of the allied armies.

Mr. BENNETT: What was his occupation?

Mr. BOULANGER: He was a linesman at a salary of $1,020 a year. I do not believe Mr. Mussolini would give, to a returned Canadian soldier, a preference in the civil service of Italy. There is another one employed as lockmaster at a salary of $1,920 a year. He came from Newfoundland and had been residing two months in Canada when he got the job. He is also a returned man. Newfoundland is not very far from Canada and we should maintain amicable relations with our friends there. But I ask you, Mr. Speaker, whether the government of Newfoundland gives to returned Canadian soldiers a preference in the civil service of Newfoundland.

Mr. HEAPS: Was that a civil service job?

Mr. BOULANGER: Of course; they are paid by the government of Canada.

Mr. HEAPS: What was the position?

Mr. BOULANGER: I said lockmaster.

Mr. HEAPS: Does that come under the civil service?

Mr. BOULANGER: Yes. You cannot sweep around the parliament buildings without going through the commission first.

Mr. POULIOT: Being a lockmaster is a key job.

Mr. BOULANGER: There is another Italian employed as linesman. He resided nine years in Canada and he was an ex-service man. He got a job at $1,020 a year. Another man is employed as labour foreman of the first class; he gets $1,920. He came from England and had been residing in Canada four months when he got the job. He is not an ex-service man. As regards the preference to returned Canadian soldiers, perhaps I have said enough.

Now I will turn to section 4 which suggests an amendment to section 33 of the Civil Service Act. We wish to oblige the civil service commission to go before the governor in council, that is, before the government, whenever they desire to be exempted from the necessity of requiring of any applicant for a position in the civil service a residence of five years in the country. The law as it stands since it was amended in 1932, requires that an applicant must have resided five years in Canada; but under the Civil Service Act there was passed regulation No. 11, which will be found on the page reserved for explanatory notes; it appears in connection with section 4. The commission passed this regulation:

> In cases where, after due publicity, the commission has been unable to secure an adequately qualified applicant with the necessary five years' residence in Canada, persons may be admitted to examination despite the fact that they have not resided in Canada for five years, provided they are otherwise qualified under the law and regulations.

This is a blanket regulation which was authorized by an order in council passed in 1922. The order in council was in very broad and general terms; it still applies and is the authority under which the civil service commission passed the regulation I have just read. With the permission of the house I will read this order in council passed in 1922. It is P.C. 2415, dated November 24, 1922:

> The committee of the privy council have had before them a report dated September 26, 1922, from the Secretary of State, submitting the following from the civil service commission:
>
> Section 41(1) of the Civil Service Act provides that, "No person shall, without the authority of the governor in council, be admitted to any examination unless he is a natural born or naturalized British subject and also has been a resident of Canada for at least three years."

As I have pointed out, it is now five years.

> In connection with local competitions for the filling of positions outside of Ottawa—

I wish to call attention to this.

> —it is frequently found that the only qualified candidate has not resided in Canada for the full term of three years. In each case of this nature it has been found necessary to make a report to the governor in council, requesting authority to waive the clause regarding residence. The civil service commission is of the opinion that delays—

They are against delays, though it takes them six and sometimes perhaps twelve months to fill very minor positions.

> —in making appointments in local competitions would be considerably lessened if, where the only available candidate qualified for the duties of the position has not resided in Canada for the full term of three years but is otherwise qualified under the Civil Service Act as to British citizenship, he may be declared eligible for appointment to the civil service without an individual report to the governor in council in each case. The civil service commission therefore recommends that

in local competitions, after due publicity, where the only qualified candidate does not conform to the regulation as to residence in Canada but is otherwise eligible under the provisions of the Civil Service Act, such candidates may be declared eligible for permanent appointment in the civil service.

The committee concur in the foregoing recommendation and submit the same for approval.

We propose to do away with this blanket order in council and regulation of the civil service commission. We want the old order of things restored; we want the civil service commission, in any case where they desire to override the Civil Service Act, to come before the cabinet and state their reasons. We claim that it is giving too much power to the commission to give them authority in broad general terms like that to do whatever they like as respects the residence of applicants for a position in the civil service. The proposal seems to be logical enough and does not need any explanation. I might say that under this order in council which I have read and under regulation No. 11 the civil service commission, for example, appointed as prison guards in Canadian penitentiaries, twenty or twenty-five persons who had not the necessary qualification as to residence. It seems to me that it would have been quite easy in Canada to find prison guards. This job does not require any special qualifications.

Mr. STIRLING: Does it not?

Mr. BOULANGER: It is necessary only to be strong and intelligent, and, generally speaking, all Canadians have those qualifications. It was not necessary to go to England or to go outside Canada to find guards for our penitentiaries.

Mr. MacINNIS: Are prison guards at the present time under the Civil Service Act?

Mr. BOULANGER: Yes, they are.

Mr. MacINNIS: I do not think they are. I think an act was passed a year or so ago taking them out of the Civil Service Act.

Mr. BOULANGER: I beg pardon. I did not know that, but that does not detract anything from my argument. At the time of their appointment they were under the civil service commission; they were appointed by that commission under the blanket authority which was given to it by the order in council passed on November 24, 1922, which I have just read. I might add that the government is very often an offender.

Mr. HEAPS: Not the present one!

An hon. MEMBER: Worse.

Mr. BOULANGER: The old government. The government often disregards the provisions of the Civil Service Act. Every year when we read the estimates we find a vote to appoint so and so or such and such a class of employees "notwithstanding anything in the Civil Service Act." I remember that in 1931 the late government, through a vote in the estimates, appointed J. L. A. Tanguay, an election organizer, to be a clerk, grade 4, in the Department of Justice, and they also in the same manner appointed as an inspector of weights and measures a man named Hyppolite Couture, who had been dismissed for cause and therefore was not eligible under the Civil Service Act. They found out that he was not eligible, so they appointed him by a vote in the estimates.

This year I open the estimates and I find this, at page 6:

To provide for temporary clerical work in connection with the transfer and registration of bonds, etc., and the flotation of loans and authority for these purposes, to employ a temporary staff, fix their rates of remuneration and otherwise wholly regulate their services without reference to and notwithstanding anything in the Civil Service Act.

That is under Finance, I suppose. And I find this at page 55, under the External Affairs department:

Washington—

Representation, including salaries and allowances for minister plenipotentiary, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act, or any of its amendments.

Paris—

Representation, including salaries and allowances for minister plenipotentiary, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act, or any of its amendments.

Tokyo—

Representation, including salaries and allowances for minister plenipotentiary, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act, or any of its amendments.

It is not as bad, though, as what was done in 1931. At page 61, under national revenue department, I find this:

Salaries and contingent expenses of the several ports of the dominion, including pay for overtime of officers, notwithstanding anything in the Civil Service Act, and temporary buildings and rentals.

Mr. Speaker, we see items of a similar kind every year in the estimates.

I come to the second part of the bill; it is Mr. Gagnon's bill, which was discussed extensively in 1932. One part of it is for the purpose of excluding the outside service of Ottawa from the jurisdiction of the civil service commission, and the other part is

for the purpose of giving more power to the government, to the ministers of the crown and to parliament over the civil service and over appointments and promotions of civil servants. There is also a provision giving more power to the government as regards technical appointments. I will do as I did in connection with the first part of the bill; I will read the opinions of those of my colleagues who were favourable to the bill. First, I will read what Mr. Gagnon said when he introduced the bill for the first time in 1931. I have not the page number, but it is in Hansard of 1931. Mr. Gagnon, then member for Dorchester, said:

> The bill which I have the honour to sponsor speaks for itself; it needs no explanatory remarks. I feel however it is my duty to the house to say that I have studied the various questions involved, free from party prejudices and without the exaggerated zeal of a would-be reformer, but with a true desire to interpret the wishes of numerous people in Canada as well as a great number of the members of this house, who contend that the Civil Service Act ought never to have been made to apply to the outside service, and that in the public interest reforms are urgently needed. Long before I had the honour of being a member of this house, I had heard eloquent members of parliament denounce the Civil Service Act of 1919 as being inconsistent with the elementary principles of responsible government. I have read the voluminous report of the Malcolm committee which was appointed by this house, in 1923, and have studied the valuable recommendations made by the committee that was appointed by the Senate in 1924. A good deal of evidence was adduced before the special committee appointed by this house in 1923. The deputy ministers of all departments appeared before the committee and made valuable suggestions. Amendments were contemplated, but no serious action has been taken. I venture to say that public sentiment in my province is strongly in favour of removing the outside service from the jurisdiction of the Civil Service Act. The people realize that the civil service commissioners, whatever may be their qualifications, cannot find the best possible candidates for all positions. It is indeed amazing to expect the same three men to find the best possible candidates for positions as varied, for instance, as a caretaker in the Port of Vancouver, a customs agent in Gaspe, a director of expositions in London, England, and a postmaster in the district of the Yukon. It is amazing that the government of the day must rely entirely on these three men, who therefore must be practically encyclopedists of science to determine the qualifications required for such diversified positions.
>
> As one may easily imagine, a great many mistakes have been made. The civil service commissioners cannot act alone. They have to ask for the assistance of employees of the departments, and in many instances appointments have been made by an employee of the department.

I might say, almost all the cases that I know.

> On the other hand the Civil Service Act prevents the ministers and deputy ministers from making appointments. The situation indeed is intolerable and ridiculous. This Civil Service Act subjects parliament to the authority of a kind of bureaucracy, which Lord Hewart of Bury, Lord Chief Justice of England, has happily called the New Despotism.

And in 1932, when Mr. Gagnon presented his bill in the house, he said about the same thing, so I need not quote him, but I should like to quote Doctor Grant, as he was quoted by Mr. Gagnon in 1932. I understand that Doctor Grant was the principal of Upper Canada College, Toronto, and at page 353 of Hansard for 1932 he is quoted by Mr. Gagnon as follows:

> The whole idea of having three men to do such an executive job was wrong from the first. A commission is an admirable body to investigate and report; in an executive, unity of command is necessary. If the Canadian Pacific Railway ever wishes to go into bankruptcy, it could hardly find a better way than to put its general managership into commission and to give any two commissioners power to overrule the third. Any old timer who remembers Sir William Van Horne will think with joy of the language that artist in profanity would have used to describe such a suggestion.

Mr. WOODSWORTH: My hon. friend is not quoting Doctor Grant as being in favour of doing away with the civil service commission? It is a mere reorganization he has in mind, is it not?

Mr. BOULANGER: No; I am quoting Doctor Grant on the principle that the administrative and executive functions should be separate, and to show that the civil service commission would be in its proper place for the purpose of examining, grading and classifying employees, but that the executive function should be in the hands of the government, in the hands of ministers responsible to the house and to the country. I wish now to quote the opinion of Mr. Bourassa, whose absence we regret very much.

Mr. BENNETT: The time to do that was last October.

Mr. BOULANGER: I am serious in saying that. It is no fault of mine that he is not here, but the people have spoken. At page 464 of Hansard for 1932 Mr. Bourassa said:

> From the purely administrative point of view my opinion is that much more authority and freedom of action should be left to the permanent heads of departments, not to the ministers. I think ministers temselves are much too bothered with questions of patronage as it is. They should have enough confidence in their deputy ministers and the heads of the

various branches of their departments to rely upon them in all that concerns promotions and appointments from a list prepared by the civil service commission, based on the technical merits of the candidates.

I wish now to quote the remarks of Mr. Peck, member at that time for Peterborough, which occur at page 540 of Hansard for 1932:

I do not think the member for the district in which an appointment is to be made should be entirely ignored. After all, the member should have some say as to who should be appointed. He is as a rule a person of reasonable intelligence, and more than that, he is the choice of the people of the district. Surely, therefore, he should have some voice in the selection of those who are to carry on the business of the government in the riding that he represents. The inside service is not under consideration in this connection at all, but when there is a vacancy in the outside service, what happens at the present time?

What Mr. Peck said is very true.

There is a perfunctory kind of examination; some representative of the department concerned, I suppose, goes down to the district, probably knowing nothing of it or of the candidates, and after making a few cursory inquiries goes back and reports to the civil service commission that such and such a person is the one he thinks should be appointed to the position. He has not the means of knowledge which are open to the member for the district, because generally the member has been brought up in that district and is very well acquainted with the people who are likely to be applicants. So I submit that the committee should consider this question; that after a list of eligible candidates has been prepared for the commission it should be submitted to the member for the district, or at least the first three or four names on the list, so that the member may express his opinion as to the merits of the candidates. In that way we would avoid having someone appointed who is not really under all the circumstances the most suitable man for the position. I think the member can be relied upon to select a suitable candidate. He is responsible to the people he represents, and I am sure he can be relied upon to decide on the basis of merit.

Now I should like to quote the present right hon. leader of the opposition (Mr. Bennett).

Mr. LAPOINTE (Quebec East): That is better; all the others have been defeated.

Mr. BOULANGER: I want to quote a gentleman who has not been defeated, the right hon. leader of the opposition, who was then Prime Minister. He placed the matter in its proper light and perspective. Of course those opposed to the bill said, "You want to do away with the merit system," and the then Prime Minister replied, "No, the merit system is not in question. The question is who shall determine merit." That is exactly the object of the bill. We do not want to do away with the merit system. we want the civil service commission to examine, grade and classify the candidates and then report to the ministers of the departments concerned. We want merit to be determined by the commission, but we want the appointment, which is the executive end of the matter, done by the government. At pages 541 and 542 of Hansard for 1932 the Prime Minister of that day said:

During the last fifteen months I have had occasion to examine the operations of the statute, and I think perhaps this house is overlooking the fact that after we concede the merit system is the proper system, the next question is: Who is to determine merit? That is where the difficulty has arisen, and it is a real difficulty....

It must be apparent therefore that something must be done by which the merits of contending applicants may be decided by proper methods.... It is for that reason the government has concluded it owes a duty to the merit system to see that the factors which determine merit are factors not under the control of a hidden hand which operates through an official drawing an insignificant compensation, and with power to determine the life or death, officially, of applicants for positions. It is for that reason the government asks that this bill be referred to a committee so that these matters may be considered.

I think this year we shall have less difficulty in having this bill adopted.

Mr. LAPOINTE (Quebec East): Was that Mr. Gagnon's bill?

Mr. BOULANGER: Yes, it was. We have the support of the leader of the opposition, and I am sure we shall have the support of the Prime Minister, because I am fighting for the supremacy of parliament.

Mr. BENNETT: I am sure the hon. member cannot have my support.

Mr. SPEAKER: The hour for the consideration of private and public bills having expired, the house will revert to consideration of the trade treaty.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed consideration of the motion of Mr. Mackenzie King.

Mr. YOUNG: Mr. Speaker, shortly before recess an hon. member in the far corner asked a question which at that time was quite inaudible. Since then I have found that he asked why it was that Great Britain, a free trade country, was the first to feel the repercussions of the depression. His question contains a premise which is quite inaccurate.

Instead of being the first to feel the repercussions of the depression, Great Britain was the last. More than that, Great Britain departed less from the free trade principle than did the other great trading nations, and all through the depression suffered less than did the other countries of the world.

Before recess I was dealing with what had been said by some hon. gentlemen opposite, and in particular I was referring to the remarks of the hon. member for Davenport (Mr. MacNicol). He is very much concerned about some of our industries that he thinks will be adversely affected by the removal or reduction of tariffs between Canada and the United States. I remarked that he had stated to the house that if we wanted to know what some parts of this country thought about the great increases that had taken place in the tariff structure during the last five years we had simply to take note of the fact that nine Conservative members had been returned from Toronto and others from other industrial centres near by. He failed to look around the House of Commons and to see what the people of Canada thought about those increases in tariffs; he failed to recognize that Canadian consumers have a real interest in tariff structure.

All through the discussion hon. members opposite have been attempting to say that as a result of wider and freer trade some workmen are going to lose their jobs. Hon. gentlemen who use that argument have failed to recognize the fact that when imports have been greatest unemployment has been at its lowest point. That has been the case in all countries, and will continue to be so. I have been surprised to note that on all occasions when increased trade with the United States is suggested, hon. members opposite immediately get out the old flag and wave it in the breeze. I say that if they must use arguments of that kind, their arguments cannot be sound.

The world has gone mad with economic nationalism. This afternoon I quoted representative authorities from different countries of the world. I picked out only a few citations, but I have scores of them in which I read that the world will never be right again until we are prepared to support international trade on a wide scale. To-day in the United States there is a government prepared to deal with Canada. The leader of the opposition (Mr. Bennett) began dealing with that government, and went so far as to get some kind of understanding, just sufficient to use as a dummy to hang before the eyes of the electorate in an attempt to lead them to the conclusion that if the Conservative party were returned to power it would require only one short step to effect consummation of the agreement. But what do we find? Do we find hon. members opposite supporting the pact which they allege they framed? No, they do not; there are objections from all corners. As I stated before recess, we are thankful that the leader of the Liberal party had the support of Canadian people to an extent greater than that enjoyed by any former Prime Minister. He has gone to Washington and in a short time has consummated that pact. Is it perfect? I think not. I support the agreement, for what reasons? I support it because the principle behind it is that of providing greater facilities and more opportunity for international trade between Canada and the United States. I say that principle is sound. What is my objection to the agreement? My objection is that it does not go nearly far enough.

Mr. MacNICOL: It does not provide enough jobs.

Mr. YOUNG: I was gratified to hear in the speech of the Prime Minister (Mr. Mackenzie King) the statement that this is only a beginning, and that he hoped the present agreement would so commend itself to both countries that very soon there would be extensions of it. Let me say to the Prime Minister and the Minister of Finance (Mr. Dunning) that I am disappointed to find that in the agreement agricultural implements do not enjoy as low a tariff as they did under the famous May day budget of 1930. I suggest to the government that we should not be content until we go at least as far as the May day budget went in connection with agricultural implements. A few nights ago there was a discussion in this chamber concerning the increase of prices on agricultural implements. This afternoon the hon. member for Leeds (Mr. Stewart) said that the increased price was the result of the lowering of the tariffs. I wonder if he believes that. I wonder if any member of the Conservative party believes it. I wonder if anybody believes it. The reason is, I think, quite different from the one suggested. If it is true that because of a reduction of tariff rates prices are increased, then why do we hear the arguments of hon. members opposite with regard to the reciprocity pact with the United States? They know perfectly well there is nothing in that suggestion.

What about automobiles? They now enjoy the intermediate tariff, yes. Have we gone far enough? I suggest that the Minister of Finance should look into the tariffs on automobiles, because the Canadian people have suffered long and severely the increased costs

of cars purchased in Canada, a condition which must not be permitted longer to continue.

The agreement is good in that it is a beginning on the right path, and I trust that not only Canada and the United States but all countries of the world may get away from that intense economic nationalism which has prevailed. Some hon. members opposite have been wondering what was going to happen to the intermediate tariff. Their suggestion has been that if they knew what the Minister of Finance intended to do with the intermediate tariff they might vote for the agreement. I recognize that there may not be the same proportion between the various items under the intermediate tariff as there is under the general tariff, but if that is so my suggestion would be, not to correct this by an increase in the intermediate tariff, but that items in the general tariff be reduced so that those who might suffer slightly under the intermediate tariff in the agreement may obtain a relief through a reduction in the general tariff.

The Minister of Trade and Commerce (Mr. Euler) asked the leader of the opposition a very pertinent question, namely, whether the right hon. gentleman opposite had suggested to the President of the United States that he would conclude an agreement provided the president would reduce the tariff in the United States to the full fifty per cent. Hon. members who were present will recollect that the right hon. gentleman did not give a direct reply. I have listened for several days to hon. members opposite jumping from pillar to post. They are not quite sure whether they should or should not support the pact.

Mr. STIRLING: Yes they are.

Mr. SPENCE: You are doing the jumping.

Mr. YOUNG: The hon. member will get a chance to vote on the agreement, but he has not spoken on it. I have listened day after day, and I noticed that they were not quite sure whether they would support the pact. Some were saying: "This is our baby, but since the other side has brought it into being and given it life, we do not think we can support it." I wonder where the hon. member for Qu'Appelle (Mr. Perley) will stand.

Mr. PERLEY (Qu'Appelle): He will let you know after a while.

Mr. YOUNG: Where will he stand on the agreement when at least some of our primary products—not sufficient, but some—will gain freer access to the United States? Where will the hon. member for Brandon (Mr. Beaubier) stand? It is true that we are bringing goods into this country, but unless we recognize the principle that imports are paid for by exports, there could be no international trade.

Canada is behind the agreement; our people realize that it is in the interests of the consumers, and that it will bring benefits to many of our producers. If I felt that in future trade agreements we would go no farther than we have gone in this, I would not be satisfied, but I believe this is only a beginning. The government have demonstrated that they wish to trade with all other countries who are willing to trade with us on a reasonable and fair basis. This development of trade will bring comfort to many people in Canada who have been suffering in the last five years under exorbitant tariff and other restrictions greater than had been known previously. Those people will be greatly relieved to know that at last we are on the right road, and that we have in power a government which believes in international trade.

The debate has served this purpose if it has served no other. It shows this: My friends opposite really do not believe in international trade; that is the trouble. But hon. gentlemen on this side, members of the Liberal party, believe in freer intercourse in trade, and what can we expect from that freer intercourse? First, it will help the producer and the consumer. Next, it will help our railways. We hear a great deal about our tremendous railway problem, but hon. gentlemen opposite always put the cart before the horse when they discuss that problem. Unless we increase the business of Canada we shall never solve our railway problem. The best and the only way to solve our railway problem is to increase the volume of business done in this country, and then the railway problem will become a thing of the past. I support this bill whole-heartedly, not because it is perfect but because it is a step in the right direction, and I trust, Mr. Speaker, that we shall take many other steps of the same kind in the same direction, to free the channels of trade and let Canada return once more to that prosperity which she enjoyed, under a Liberal regime, from 1921 to 1930.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, I do not think the country or the house is so very much interested in the history of what has been termed reciprocity nor do I think it is particularly interested in

who inaugurated the agreement which we have before us to-day. They are interested rather in just what it means to Canada.

Some hon. gentlemen opposite have intimated that it is just too bad the opposition are prolonging this debate, but if they will check up Hansard they will find quite a number of speeches similar to that delivered by the hon. gentleman who has just taken his seat (Mr. Young), who has taken up a good deal of the time of the house but has not really discussed the items contained in this trade agreement.

I believe, as an hon. gentleman stated to-day, that the opposition play a part, and a very important one, in government. I have been in the house for ten years; I sat on both sides of it, and I always felt, when I was in opposition, that I was representing the people of a section of Canada, and that I was here to consider legislation and to help in solving the problems that come before us from time to time. Occupying a seat in the opposition to-day does not prevent me from supporting any measure which I think is likely to aid in solving any of the difficult problems with which we are faced, and if this trade agreement would solve any of our problems, our unemployment, financial or other problems, I would support it wholeheartedly. I believe it is the duty of the opposition, not only to support good legislation, but to point out weaknesses in the legislation that is brought down in this house. I believe it is my duty, and I think it is the duty of every hon. member, to study and discuss this agreement. I have gone over the schedules carefully, but I must admit that it is impossible for any one member to decide whether this agreement is going to prove in the best interests of Canada as a whole. A member may know how it will affect his own particular part of the country, but I doubt whether any one member knows how it is going to affect every part of Canada from the Atlantic to the Pacific.

We have heard during the debate from members from different parts of this great country, discussing the details of this agreement and how it is going to affect their respective districts, and from that information the government will perhaps be able to size up the situation and correct the agreement in its details where that appears to be in the best interests of Canada. I think I am safe in saying that no member of this house is perfectly satisfied with the agreement as it stands. The previous speaker expressed himself in that sense. A number of hon. gentlemen opposite are dissatisfied with some of the items and with some of the changes that have been made in our tariff schedules by the agreement.

I said a moment ago that from the discussion that is taking place we can get a general picture of how this agreement is likely to affect the country as a whole. I listened with great interest last evening to the speech of the hon. member for Royal (Mr. Brooks), who made it quite plain that this agreement would not help his section of the country; that it would not assist those fishermen in depressed circumstances who go down to the sea in ships, nor would it help the fruit and vegetable growers of that part of Canada. I also listened with interest to speakers from Ontario who pointed out the bad effects this agreement would have on certain branches of agriculture and also on the large manufacturing centres, where they expected the unemployment would be intensified rather than alleviated by this agreement. We have also heard from the members from western Canada, from the prairie provinces, who have made it plain that they endorse that part of the agreement which lowers the tariff on the implements of production. But we had in this house the other evening a debate on a resolution which I think made it clear that lowering the tariff does not necessarily lower the price of agricultural implements.

I wish, as one of the representatives from the great province of British Columbia, and in particular of that portion known as the lower mainland of that province, to take a few minutes to-night, to show how this agreement will affect the district which I have the honour to represent. We have there, in spite of what the hon. member for Peel (Mr. Graydon) has said, perhaps one of the richest agricultural districts in the whole Dominion of Canada, comprising the dairy industry and all that goes with it; the poultry industry, perhaps the largest poultry plants in this dominion, and a large section that is devoted to production of fruit. In addition to agriculture, very large logging and lumbering operations are carried on in that district known as the lower mainland, there is also considerable mining development. So it is perhaps a typical district, and one which one would expect would be deeply interested in this agreement, not only because of the diversity of occupation that is carried on within its boundaries, but from the fact that it lies right up against the great state of Washington to the south and very close to the state of Oregon. The states of Washington and Oregon produce commodities similar to those produced in that particular part of British Colum-

bia. It will thus be realized that anything which tends to reduce the tariff or in some cases to increase it, affects that particular part of the province. The states of Washington and Oregon have advantages over us, one of them being their climate. Their crops ripen earlier, this constituting a problem which we have to face.

I think the practical test of this agreement is: What do we get for what we give? I am going to consider it from that angle and as it affects that particular part of the country. What do we get? We get reductions in the tariff on cattle, on lumber and on whiskey. But there are limitations to these concessions. There is a quota on cattle and there is a quota on lumber. I believe the United States would have given us reductions on whiskey no matter what we did. The concessions granted in connection with cattle and lumber undoubtedly will be beneficial to these industries in British Columbia. I welcome anything that will help to restore the lumber and cattle markets which were lost under a previous Liberal government.

The United States tariff on beef cattle is reduced from three to two cents a pound for cattle weighing 700 pounds or over. But there is a quota limiting our sales to less than they were in 1929. In 1929, under the Fordney-McCumber tariff our cattle exports amounted to 247,000 head. Under this agreement our sales are limited to 155,799 head. So we are worse off than we were in 1929. On the other hand, on beef cattle entering this country, we are granting a reduction in the tariff of from three to two cents per pound. The tariff on sheep and lambs entering Canada has been reduced from $3 to $2 per head. The rate on live hogs has been reduced from three cents to one and a quarter cents per pound. We have reduced the Canadian tariff on fresh meats, beef, veal, lamb and mutton, from eight cents to six cents per pound. There has been a fifty per cent reduction on fresh pork, the rate being reduced from five cents to 2½ cents per pound. Under this agreement bacon, hams and shoulders enter this country under a rate of 1¾ cents per pound instead of five cents per pound as was the case previously. By these items we will pay the price for the concessions which are granted in connection with cattle of 700 pounds and over.

What do the Americans say about this agreement? This has been quoted before, but I think it is worth while quoting again. Mr. Henry Wallace, Secretary of Agriculture, speaking at Chicago on December 10, last, is reported as follows:

> It was his considered judgment that American agriculture gains from the Canadian reciprocal trade treaty so far outweigh the losses that the net advantage to our agriculture as a whole is very much worth while; that Canadian concessions on meats and meat products duties will open the way for our farmers to get back a bigger share of the British pork market. The new agreement will permit American pork to go to Canada to replace Canadian pork exported to Great Britain, thus, in effect, permitting increased exports of American pork to Great Britain.

The government has boasted that the dairy industry is receiving great benefits from this agreement. The American tariff on cream is reduced from fifty-six cents to thirty-five cents a gallon, but there is a quota provision. Under the Fordney-McCumber tariff it was twenty cents a gallon and in 1929 it was thirty cents a gallon, so we are worse off to-day than we were in 1929. The duty on milk has not been touched at all. The tariff on American butter coming into this country is reduced by two cents per pound. Nothing whatever has been done for the Canadian dairy industry.

Now, what about the reduction on lumber? Under this pact we are receiving a reduction of fifty per cent. While the charge against our lumber has been reduced to $2 per thousand feet, we are again met with a quota. The combined quota on Douglas fir and western hemlock is 250,000,000 board feet. Items 503 and 504 of our tariff permit similar lumber to enter Canada from the United States duty free. This reduction will help the lumber industry in our province and I heartily support anything that will tend to restore the American market for our lumber, a market which we lost in 1930 and in the years prior to that.

The Ottawa agreements have been assailed in this debate, but I want to remind the house that those agreements saved the lumber industry of this country. That industry in British Columbia wants once more to enter the markets of the United States, but it does not want to sacrifice for that concession the markets which it secured under the empire agreements. I think the lumber people are inclined to be alarmed at the continual sniping at those agreements by the Liberal party. Only the other evening the hon. member for Selkirk (Mr. Thorson) was reported on page 638 of Hansard, as follows:

> The Liberal party was returned to power by a tremendous majority. The voice of the people spoke with no uncertain sound. That voice expressed discontent with existing conditions and with the policy of the previous administration. If there was any mandate at all in that vote of the Canadian people it was most emphatically a mandate that there should be substantial tariff reductions.

The hon. member is also reported on page 637 as follows:

> During the course of this debate mention has been made of the Ottawa agreements. I express the hope that never again will this country make an agreement along the lines and principles of the Ottawa agreements. I regard them as a dangerous step in the direction of economic imperialism.

What was the mandate of the Canadian people? As was pointed out in an earlier debate in the house, the mandate which the Liberal party received was received from thirty-five per cent of the people entitled to vote in the last elections. Does the hon. member consider that a mandate to destroy the empire agreements? There is to-day on the order paper a resolution moved by a Liberal member proposing that the trade agreements with the united kingdom be revoked. I say that the lumber people have a perfect right to be somewhat alarmed at this continual sniping by the Liberal party at these empire agreements.

Let us consider lumber under the Ottawa agreements. I have before me three tables giving the figures of lumber shipments from the Pacific coast for the last six and a half years; one table, Pacific coast to the world; another table, Pacific coast to the United Kingdom; and a third table, Pacific coast to Australia. These figures represent board feet and are from the Pacific lumber inspection bureau. I will not quote them in full, but as figures set forth, more plainly than hours of argument could, precisely what the Ottawa agreements did in the way of finding a market for this product of our province, I will give the figures for 1929 and 1934.

In 1929 British Columbia shipped to the world 399,000,000 feet; in 1934, two years after the agreements came into force, we shipped 830,000,000 feet. British Columbia increased her shipments to the united kingdom during the same period from 69,000,000 feet in 1929 to 455,000,000 feet in 1934, and she increased her shipments to Australia from 41,000,000 feet in 1929 to 128,000,000 feet in 1934. The result of the preference can be seen by a comparison of shipments from Washington and Oregon to the United Kingdom and Australia. During the same period, while our shipments increased enormously, shipments from the United States decreased correspondingly. For instance, in 1929 Washington shipped to the United Kingdom 196,000,000 feet, and in 1934 this was reduced to 28,000,000 feet. Oregon's shipments were reduced from 88,000,000 feet in 1929 to 8,000,000 feet in 1934.

These figures show what happened to the lumber trade of Washington and Oregon, which did not have the Ottawa agreements to support them. It is well to remember that the Ottawa agreements were negotiated by the Bennett government and that when they were in this house for consideration they were opposed by every Liberal who then occupied a seat in the opposition. Let me put in concrete form what the Ottawa agreements did for the country at that time. In 1924 Canada held fifth place as an exporter to the united kingdom. In 1930 we lost so much of this business that she dropped to eleventh place. She slipped to twelfth place in 1931, jumped to fourth in 1932, the year the agreements were signed, and climbed to third place the next year. By the end of 1934 Canada took second place in the British market, headed only by the United States. That tells the story of the Ottawa agreements.

As I said at the beginning, there are in this agreement some good features and some that are not so good. This one and perhaps the one in regard to live stock will be appreciated by the people of British Columbia. But what price have we paid for what we have received? I have before me the opinion of Mr. Wallace, in a United Press dispatch from Washington dated November 19, which states:

> In an official statement Secretary of State Henry A. Wallace said the treaty would benefit "the whole of agriculture" and predicted recovery of most of the $35,000,000 decline in United States agricultural exports to Canada during the past five years. During that time, he said, exports to Canada of American farm products, upon which duty reductions are secured in the treaty, declined from $50,000,000 for the year ending March 31, 1930, to $15,000,000 during the year ended March 31, 1935. Wallace cited the reductions granted to Canada on a quota limit of beef, cattle, calves and dairy cows and added:
>
> "There are a few farm groups which will fear they are being hurt by the new agreement, but actually in those cases the tariff reductions are moderate, and in addition there are quota restrictions of such a nature that imports from Canada cannot affect the American price structure by more than 1 per cent. Both countries have made tariff concessions in order to increase the volume of trade between them. Canada has agreed to reduce import duties on a long list of American farm products, reductions ranging from 25 per cent on certain fruits and vegetables to 100 per cent on potatoes. The United States has agreed to reduce duties on seventeen Canadian farm products, and to bind the present rates by three others."

According to this statement Mr. Wallace is of opinion that the concessions given by Canada are quite valuable, and I notice he mentions potatoes. Under this agreement which we have before us—it has already been mentioned in this debate—potatoes are admitted free into Canada, while those of us

on the lower mainland of British Columbia, if we wish to export table potatoes to the United States, must meet a tariff of $15 a ton. I am told by producers in British Columbia that if this item is not restored to the general tariff rate, with the better climatic conditions in the great states to the south the producers of Washington and Oregon will be able to flood that part of Canada with potatoes at such a reduced price as to be less than the cost of producing in that section.

Another item in which we are very much interested, particularly in my district, is hay. In the duty on hay coming into Canada from the United States, we find a reduction of from $5 a ton to $1.75 a ton, while the duty on hay going into the United States is reduced from $5 to $3. I want to picture this to you, Mr. Speaker: This is a district lying close to a great state in the south producing an abundance of hay. I recall the time when hay was $3 a ton in the Canadian tariff. The Americans had a surplus and they established a selling agency in Vancouver. There was a string of trucks passing across the line, down through the lower mainland of the province, to Vancouver, passing by farmers' fields in which were piled tons upon tons of hay that they could not sell. The government five years ago raised that tariff to $5 and gave the farmers protection. What are those farmers to do now that the tariff is reduced to $1.75? The Americans under this agreement did not give us even the fifty per cent reduction; they reduced their duty to $3. The farmers of the lower mainland of British Columbia are much concerned over this item and some others as well.

What about the poultry industry? I have under my hand extracts, letters and telegrams, which I am not going to unload on Hansard. I will say simply this, that there is a fear on the part of this industry in British Columbia that American eggs will enter in greater quantities, resulting in lower prices to the producer as a consequence of the reduction in duty from ten cents to five cents a dozen and the removal of the dumping duty. This is a serious matter to the poultry farmers in my part of the country. It means that protection from the dumping of American surplus eggs into Canada has been removed. I think there are some members in the house to-day who were here prior to 1930. They will recall the problem which faced the government of the day because of the large importations of eggs from the United States. In 1930, the last year of the low tariff, 3,000,000 dozen eggs were dumped into this country from the United States, with the result that this demoralized the Canadian market at certain seasons of the year. In 1934 importations were reduced to 115,000 dozen. In 1934-1935 importations amounted to the paltry sum of approximately $17,000.

The poultry industry has had to overcome many difficulties in our province. One has been the price of feed, when we have had to compete with eggs marketed particularly during the summer season from other parts of Canada. With the protection that was afforded under the previous rate of ten cents—the total protection with the dumping duty amounted to about thirteen cents—they were able to stand the storm of the depression. Under the new arrangement, as I have pointed out, they will be called upon to face serious competition from the south.

Another product of the poultry industry is baby chicks. We have perhaps some of the largest plants producing baby chicks in the Dominion of Canada. One of the producers in my district has already this year received orders for 50,000 chicks. They have produced a very high laying strain in our part of the country. It will perhaps be recalled that hens from British Columbia secured world championships for a number of years. These producers went to a great deal of expense and much time and trouble to develop these high-producing flocks from which they market the baby chicks. Now, under this trade agreement we find that the protection which was afforded them during the last five years has been almost completely removed. The dumping duty is removed. One man writes informing me that in order to give protection that would put them on an equal basis with American producers it would be necessary that they should have a specific duty of at least seven to eight cents on each chick. They ask: What is a protection of twenty per cent against chicks imported from the great plants of California and Oregon? If they are laid down at the border at five cents apiece there is no protection.

Another industry which I mentioned was that of fruit growing. In this connection I want to refer particularly to what we call soft fruits. This is an important industry in the district which I have the honour to represent. Of one variety of fruit alone, namely strawberries, somewhere about 3,000,000 pounds were produced last year in the lower mainland of British Columbia. They were sold in carlots, in less than carlots, locally, and a large quantity was exported in processed form. Last year British Columbia shipped 153 cars of soft fruits out of the province, and in addition 700 tons of processed fruits were exported. The terms of this agreement provide for reductions in both the tariff and

the dumping duty. On vegetables the tariff was reduced from thirty to fifteen per cent, on fruits from twenty to fifteen per cent. Dumping duties are reduced by about one-fifth.

Take rhubarb for example. On rhubarb there is during the shipping season a reduction of 33⅓ per cent. That is the reduction in the protection which was afforded that particular industry in 1935. On raspberries we have a reduction in protection of forty per cent. On strawberries the reduction is forty-four per cent; on prunes the reduction in total protection is thirty-three per cent; on pears, sixteen per cent; on apples, 28⅔ per cent. The protection on celery during the shipping season is reduced by sixty-one per cent. On asparagus we have a reduction of thirty per cent in the protection; and I can safely say that asparagus growing is an industry that has grown up under protection; a large amount of money has been invested in it, and if it is not afforded proper protection it will be wiped out. As to the harm that this agreement will do to the fruit and vegetable industry, I might quote from my hon. friend the member for Yale (Mr. Stirling), when he said the other night, that the harm would be considerably lessened if the government would use the power they have, if they would use that power in full, and if they would use it in time.

I have undertaken in a few minutes to-night to point out to the government what in this agreement I consider is not in the best interests of the people of the particular part of the country from which I come. I should like to suggest to the Minister of Finance (Mr. Dunning), as he has said that he has power to raise the intermediate tariff, that he exercise that power with regard to many of these agriculture items. They have been brought to the notice of the government during the last few days by members of this house. I should like to suggest that, for instance, in the case of potatoes the tariff be restored under the intermediate schedule; that the tariff on eggs be restored, also, if possible, that on baby chicks. As to fruit, as the member for Yale as well as I have said, the situation depends a great deal upon the production in those states to the south. If they have over-production; if they have a surplus which they want to dump some where, it will be necessary that we should have the very fullest protection, and that it should be applied in time. During my experience as representative of the district I have found that the difficulty, in dealing with matters pertaining to the application of dumping duties, has been to get them applied in time to give us proper protection during the shipping season.

I am sure that there are on the other side of the house members who are not exactly satisfied with every item contained in these schedules. I suggest to them that they, along with us of the opposition, urge upon the government the necessity of restoring this protection to these particular items which are so important to the agriculturists of this country.

Mr. W. M. RYAN (St. John-Albert): Mr. Speaker, I was very much impressed with the striking point emphasized by the right hon. Prime Minister (Mr. Mackenzie King) in his address on this resolution. At page 503 of Hansard the right hon. gentleman said:

> Let me stress this point—I have overlooked it up to the moment, but I want to emphasize it now. This government came back with a mandate from the people of Canada to put through a reciprocal agreement at the earliest possible moment. So far as asking the approval of this house is concerned, I regard that in some respects as an almost unnecessary step; the country itself has given so overwhelming an expression of approval of its confidence in a reciprocal agreement with the United States to be negotiated by a Liberal administration.

Agreeing so thoroughly with that view and believing as I did that this resolution was before the house bearing the approval of the people, I had not planned to participate in this debate. Within the last few days, however, what might be called challenges were thrown across the floor of the house by hon. members opposite. I think it was the hon. member for Danforth (Mr. Harris) who said, "Stand up, you maritimers, and express yourselves." That is why I have risen in my place here to-night. I am a maritimer representing the constituency of St. John-Albert, which includes the city of Saint John and boasts of the finest natural, year-round port in the Dominion of Canada. With all due respect to the other ports, we in the city of Saint John are modest when we make that statement, and we are prepared to stand by it.

This gives me an opportunity, Mr. Speaker, to extend my most sincere congratulations to the right hon. Prime Minister upon having so successfully negotiated this agreement, and I want to tell him that I feel I am expressing the opinion of the people of the maritime provinces when I say that we are unanimously behind the agreement. Two of the greatest handicaps we have had to combat since the days of confederation have been discrimination in freight rates and in-

ability to find a market for our natural products. I am happy to say here that, thanks to a Liberal government presided over by the present Prime Minister, the question of freight rates was partly solved by the introduction into this house of the Maritimes Freight Rates Act, and to-day we must again extend our thanks to the same government, presided over by the same able leader, for assisting us in solving our other difficulty of finding markets.

In 1927 parliament appointed a commission to inquire into the difficulties of the maritime provinces. That commission is now known as the Duncan commission. It was an able body of men, presided over by Sir Andrew Rae Duncan, an eminent British statesman. That commission did its work and reported to this house. I have before me a copy of that report to which I intend to refer, because it is essential to the argument I have to present for the consideration of hon. members. May I say, however, that if hon. members will read the report they will find that this commission spent a great deal of its time in trying to solve the question of our freight rates, as well as in trying to develop some ways and means to help us in finding markets for our natural products. At page 31 of the report we have a reference to the maritime provinces with regard to primary industries. I want to bring these facts before the house so that hon. members may realize and understand that to-day we are faced with the problem of finding suitable markets for our products, but that problem has been solved to some extent and I am satisfied that when this agreement passes the house, the problem will be completely solved. At page 31 of the report of the commission I find the following:

> Forest production for the year 1924 was thirty-five per cent of the total production of New Brunswick, seven per cent of that of Nova Scotia and four per cent of that of Prince Edward Island. Apart from the production of firewood, ties, rails, poles, posts, etc., for which no definite figures are available, the lumber industry consists, first, of the manufacture from raw materials produced by operations in the woods, of dressed lumber, or board measure lumber, laths and shingles, and, second, the manufacture of pulp and paper, an industry of comparatively recent development. The latter includes three forms of industrial activity: the operations in the forests with pulpwood as the product, the manufacture of pulp, and the manufacture of paper. The value of the output of lumber, laths and shingles manufactured in the maritime provinces 1924 was approximately $18,000,000, or over twelve per cent of the total value of such output in all Canada.... Fourteen pulp and paper mills operated in the maritime provinces in 1924. The average number of persons employed in the production of pulp was 15,000, and the capital invested in pulp mills and buildings was over $30,000,000.

The commission also dealt with the question of our fisheries, to which I should like to refer also:

> The average yearly value of the catch in the maritime provinces during the five years from 1920 to 1924 inclusive, was approximately $16,000,000, or over thirty-six per cent of Canada's total catch during that period. During the year ending March 31, 1925, the capital invested in the maritime provinces in equipment for fishing, such as boats, nets, traps, and general gear, was over $12,000,000, or fifty-two per cent of the total capital invested in Canada in such equipment. The capital invested in factories and curing establishments was $5,500,000, or thirty per cent of the total amount invested in all Canada in such establishments. Thus the total investment in the fishing industry of the maritime provinces in primary operations and manufacturing was over $17,500,000, or forty per cent of the total Canadian investment in the fishing industry.

I refer to these facts because the commission found it necessary to bring before the house the proposition that the maritime provinces were concerned in the marketing development of their primary industries.

The agreement introduced by the Prime Minister contains certain provisions which are bound to prove advantageous to Canadian primary producers, and therefore must be highly beneficial to the maritime provinces. Can the agreement help the maritime provinces? If one examines the items in the schedule one would conclude that any man coming from the maritimes who did not rise in this house and support the agreement would not be true to his constituents.

I should like to quote no less an authority than Sir Thomas White, a former Minister of Finance and one who is by no means a Liberal. His opinions, however, are valued highly in regard to all matters affecting finance. After he had examined the trade agreement Sir Thomas expressed the following opinion:

> The lowering of United States tariff barriers on lumber, fish, agricultural products and other commodities should prove of material advantage to Canadian primary producers.

In this connection I shall quote, further, from an editorial which appears in the Saint John Daily Telegraph-Journal, one of the leading newspapers in the maritime provinces. It is an independent journal, and one which so far as I know has no political leanings.

Mr. BROOKS: Oh, oh.

Mr. RYAN: The hon. member laughs; probably he is in the know, but I can tell him—

Mr. BROOKS: I think everybody knows.

Mr. RYAN: I am prepared to let him express his opinion, if he can speak as to the political bias of this paper. However I say that it is an independent paper, and in its issue of November 18, 1933, I find the following comment:

With reciprocity between Canada and the United States having practically unanimous support in this country, it carries an increased importance over that of any similar proposal in the past. There will be objections raised in many quarters to reductions in duties on various commodities effected, but so far as the maritime provinces are concerned, our real concern lies in the benefits which may accrue to those interested in primary products. With the wiping out of many maritime industries during the last sixty years, we may be pardoned if our sympathy with some manufacturing concerns has been somewhat lessened.

I shall now turn to a discussion of some of the items in the agreement. Speaking generally, I say that it is greatly to the advantage of the people in the maritimes. First, let us consider the situation with regard to lumber. Shortly after the federal elections I was deluged with requests from lumbermen in the maritime provinces urging me to take up with the government the matter of having United States customs duties reduced on lumber. I am sure similar requests came to the Prime Minister, because attached to the correspondence I received were copies of letters addressed to him. May I say to the hon. gentleman who refused to give me names last night that I can give them to him tonight, but shall be content by saying that the letters come from reputable lumbermen. They ask that the duty on lumber be cut at least in half. These representations were made to the Prime Minister, and that is exactly what they got. I say that any man from the maritime provinces could be accused of base ingratitude if he did not stand in his place and support the agreement, if for no reason other than the support it gives to the lumber industry.

Mr. BROOKS: Is lumber in quantities being shipped to the United States?

Mr. RYAN: I would reply to the hon. member for Royal by stating that I have not the statistics before me, but I can assure him that just as soon as the agreement is fully ratified plenty of lumber will be shipped to the United States.

May I say that down in the maritime provinces we regard the report of the Duncan commission as more or less our magna charta. While I do not think it was within their powers to make representations as to the negotiation of treaties, by suggestion or inference the Duncan commission did make such recommendations. Quoting from page 32 of the commission's report, which is available at the distribution office of the House of Commons, I find the following:

On the question of markets, witnesses who appeared before us from New Brunswick expressed the unanimous opinion that a trade treaty with the United States in respect of forest products would greatly benefit industry in the maritime provinces and result in extensive development.

The report states further:

The request made in this connection was supported by the Premier of New Brunswick on behalf of the province.

At that time the premier was the Hon. J. B. M. Baxter. He was a Conservative premier, and is now Chief Justice of New Brunswick. Sitting in the legislature at that time was the hon. member for Royal, who spoke last night in this chamber, and who applauded the premier when he appeared before the Duncan commission and made these representations. Now the hon. member appears in the House of Commons and listens to the leader of the opposition, the hon. member for Calgary West (Mr. Bennett) oppose the agreement. We find the hon. member for Royal following the lead of his right hon. leader. Well, he may try to ride two horses, but when he goes back to New Brunswick I can assure him he had better not make the speech he made in this chamber last night for the benefit of hon. members assembled here in Ottawa.

I now discuss the item of fish, one which is of prime importance to the people in the maritime provinces. In checking the schedule I find that the rate on halibut is reduced from two cents to one cent per pound, the rate on salmon from two to one and one-half cents per pound, and the rate on smoked herring from one and one-quarter cents to five-eighths cent per pound. There is the added assurance that lobsters and shell fish shall be kept on the free list for at least three years. These are matters of tremendous importance to the people in the maritimes. We in New Brunswick are deeply interested in the shipment of smoked herring, and the salmon industry, too, is of great importance.

Referring again to the Duncan report I find that the commission touched upon the question of finding markets for fish, and at page 33 of their report they state:

We shall deal with some other aspects of the fishing industry later.

Though in the case of fish, particularly cured fish, we had considerable evidence to show the possibility of very greatly extending the market within Canada, representations were made to us, as in the case of forest products, upon the desirability of a trade agreement with the United States.

That is the report of the Duncan commission, and I want to add that it is my belief that the introduction of this trade agreement is an implementing to some extent of the report of the Duncan commission, and I commend the right hon. the Prime Minister for the splendid work he has done in negotiating this agreement.

I could go on all down the line and speak of the benefits that will accrue to the maritime provinces from this agreement. The duty on seed potatoes, for instance, from March to November, has been cut from seventy-five to forty cents per hundredweight, and while there is a quota of 780,000 bushels, that is three times the amount of the current exportation, as was pointed out by the Prime Minister himself. The duty on turnips has been reduced from twenty-five cents to 12½ cents per hundredweight, and the duty on maple sugar from six to four cents per pound. In that one item alone of maple sugar I can see tremendous possibilities for my own province of New Brunswick.

It is only recently that the Telegraph-Journal, the paper which I mentioned a moment ago, had a leading editorial urging the people of New Brunswick to take advantage of the opportunity afforded by the trade agreement. There is no question that this agreement contains provisions which are of great advantage to the people of the maritime provinces. Some may say: Well, you did not get all you wanted or all you asked for. But, Mr. Speaker, this world is so constituted that we shall never get all we want, and I think the leader of the opposition (Mr. Bennett) realizes that to-day. But is there any reason why any member from the maritime provinces, at any rate, should vote on the floor of the house against this agreement which means so much to the people of the maritimes?

The hon. member for Royal (Mr. Brooks) quoted last night from two newspapers published in Carleton county, New Brunswick, and read a letter from a gentleman who lives in that county. The tenor of those reports in the papers was that the potato industry would be injured as a result of putting American potatoes on the free list, but I would remind the house that those editorials, coming from Conservative newspapers, were more or less inspired, and that the gentleman who was referred to last night was the editor of one of those newspapers and Conservative organizer for the county.

Mr. BROOKS: I want to correct the hon. gentleman. One of those newspapers is a strong Liberal paper.

[Mr. Ryan.]

Mr. DEPUTY SPEAKER: Order. The hon. member is not permitted to ask questions without the permission of the hon. member who has the floor.

Mr. LAWSON: Mr. Speaker, the hon. member was not asking a question—

Mr. DEPUTY SPEAKER: Is the hon. member speaking to a point of order?

Mr. LAWSON: Yes. I wish to point out to you, sir, on a point of order, that the hon. member for Royal was not asking a question. The hon. member who has the floor had made the statement that a certain newspaper was a Conservative newspaper, and the hon. member for Royal rose to say that that was a mistake, as I submit he has a right to do.

Mr. DEPUTY SPEAKER: The point of order is well taken.

Mr. RYAN: I would say to the hon. member for Royal that I have reference to Mr. Hatfield whose name was quoted here last night. Turning back to the question of potatoes, which seems to agitate the mind of my hon. friend—

Mr. LENNARD: And some others too.

Mr. RYAN: Well, if those hon. gentlemen would take the trouble to check the statistics they would find that nothing has happened yet under this agreement to injure the potato industry of this country, because in the month of January of this year there was shipped into Canada only 381 hundredweight of American potatoes as compared with 202 hundredweight in 1935, or in other words an importation of the value of $600 for the whole dominion.

Mr. LENNARD: But what is going to happen in 1936?

Mr. RYAN: I have just given the importations for January, 1936. I have made a further check on the potatoes coming in within the last two months; I find that nothing but cull potatoes have been coming in, and I believe there is a sinister motive behind that importation. The speeches we have heard from the Conservative side of the house on the question of potatoes dealt only in generalities. They have produced no facts and figures to show that the potato industry will be injured as a result of American potatoes being put on the free list. It is all right to talk generalities, but let them give us the facts. I am giving the facts because the figures I have given came from the Department of National Revenue in Ottawa only a short time ago. I do say this, however, that within the next few months American potatoes will no doubt come in as they did in the past,

at a time when we have no potatoes to compete with them. In June, 1935, for instance, 57,466 hundredweight of American potatoes were shipped into Canada, and in July, 15,870 hundredweight. But as soon as our own potatoes were available and we were able to compete, shipments from the United States fell off. We need have no fear that the Canadian potato producer will not be able to meet the competition of American producers at all times because we grow a superior potato.

In conclusion, I would just say that it almost takes one's breath away to hear our friends opposite expressing fears for the success of our great national ports, when we remember the experience we have had in the last five years, with trade restrictions such as they have been, and the business of our ports falling off alarmingly. I repeat, it almost takes one's breath away to find these new champions springing now to the rescue of our national ports.

I have before me some statistics supplied by the Department of Trade and Commerce. They show that in 1929, the last full year in which the Liberal party was in power, inward shipments of sea-going vessels arriving at St. John amounted to $15,691,713, whereas in 1934, the last full year in which the Conservative party was in power, those shipments had dropped to $8,113,477. The figures for 1929 show that goods exported from St. John were valued at $55,861,050, whereas in 1934 they dropped to $33,209,104. It may be said that values do not offer a true criterion by which to make comparisons; that the true test is tonnage. In order to be absolutely fair, I shall give the figures in tons. The official figures show that in 1929 the amount of freight imported through Saint John totalled 387,050 tons, whereas in 1934 the figure had dropped to 350,854 tons. Exports amounted to 1,075,765 tons in 1929, whereas in 1934 only 515,164 tons were exported. These figures show how shipping fell off at the port of Saint John due to the trade agreements negotiated by the last government. The records of other ports will show a somewhat similar condition.

When the late government introduced a tariff measure affecting Cuban sugar, the government of Cuba retaliated and raised their tariff against our potatoes. This meant the loss of the sale of some 3,000,000 bushels of potatoes per annum. When we were making these potato shipments to Cuba there were something like four ships leaving Saint John every week for that country. Employment was given to the dock workers and our railways were assisted by the traffic. After the tariff on Cuban sugar had been raised by the leader of the opposition (Mr. Bennett) we had scarcely one boat sailing from Saint John. When hon. friends opposite set themselves up as the champions of the ports, I want to tell them that we would rather leave our fate in the hands of the government presiding over affairs to-day. It will be the salvation of our ports when this agreement is put into effect and there will be further benefits when the trade agreement with Japan is in force. Other agreements are to be negotiated which will open up the markets of the world and our ports will have the advantage of increased traffic.

I am proud to record my vote in the house in support of this measure. This will be my first vote on a major measure in this chamber and I am thankful to know it will be for an agreement between Canada and the United States which means so much to our maritime provinces.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, we have heard quite a number of speeches on this agreement, some of them very interesting and all of them varied in character. Just before six o'clock the hon. member for Saskatoon (Mr. Young) said that he thought sufficient members had been heard from. I do not believe he can criticize the Conservatives from Saskatchwan for prolonging this debate. I think I should have the privilege of making a few observations and I can promise the hon. member that there will be only one Conservative voice from that province.

Much has been said about international trading and we have been accused of pursuing a policy of economic imperialism. This matter has been viewed also from the standpoint of domestic markets. I am not going to discuss this matter from any of those different angles, but I shall refer briefly to international trading. I admit that international trade is a splendid thing, but I would remind hon. members that when the government headed by the leader of the opposition (Mr. Bennett) came into power in 1930, Canada was in eleventh or twelfth position as far as international trade was concerned. When that government left office the position of Canada had been materially improved because of the policies pursued, this country being then in either fifth or sixth position.

Many hon. members have discussed this matter from a local viewpoint, and this is quite natural as they are interested in how this agreement may affect the part of the country they happen to represent. I am also going to deal with the question from that standpoint. The right hon. leader of the

opposition has reviewed the history of reciprocal trade or reciprocity since confederation and the Prime Minister (Mr. Mackenzie King) also made a careful review of the policy of reciprocity. I have nothing to say in that regard other than to remind the house that when Sir John A. Macdonald introduced his national policy in 1878 he announced that it provided for free trade with the United States on a large number of articles. As was made quite clear by the leader of the opposition, since that time the Conservative party has always been ready to negotiate with the United States agreements along reciprocal lines as long as they were fair and equitable and did not sacrifice the interests of the Canadian people.

I should like to review briefly what has taken place in the United States with respect to tariffs. I mention first the Wilson-Underwood tariff which was in effect from 1913 to 1921. This tariff made substantial reductions in the duty on a considerable number of articles. I hold in my hand a list of forty odd primary products that were affected. All grades of cattle, hogs, sheep were allowed free entry under that tariff. All kinds of meat products such as beef, fresh and frozen, pork, fresh and frozen, and salted pork, were all free. Dairy products were free with the exception of butter on which was a duty of 2½ cents per pound. Then followed a long list of grains and seeds which were all free. We next had the Fordney-McCumber tariff which was introduced in 1922 and which commenced an era of protection in the United States. Heavy rates of duty were imposed upon certain Canadian farm products and the result was a great reduction in the sales of these articles in the United States. That tariff was in force until 1930 when the Hawley-Smoot tariff came into effect. No matter what the Prime Minister said with respect to wider markets and freer trade, he was powerless to prevent the increase in tariffs from going into effect in the United States.

Then we had in June, 1930, the Hawley-Smoot tariff which completely closed the door against the entry of Canada's primary products into that country. Those were the words used by the Prime Minister when discussing that tariff; he said that it completely closed the door. But he made no protest. The statement he made at that time has already been put on Hansard during this debate. I could give the list of some forty primary products with the duties which the Hawley-Smoot tariff imposed—and they are very considerable—but I will not take time to go into the details. Suffice it to say that that tariff placed heavy duties on cattle poultry, fruits, vegetables, grains of all kinds. pork and pork products, and dairy products generally. The real effect of the Hawley-Smoot tariff was not felt in Canada until after the change of government in 1930, when it turned back to the Canadian market a great flow of our primary products that had been going into the United States prior to the coming into effect of that tariff.

Then we come to the United Kingdom agreements consummated in 1932. The Bennett government negotiated these agreements, which turned into the United Kingdom a considerable volume of trade that had formerly been going into the United States. I think it is important to point out that by 1934 we had witnessed the result of the United Kingdom agreement. It was the turning point; it was the turning point so far as the President of the United States and their government were concerned; it brought them to the position in which they were prepared to negotiate a reciprocal trade arrangement with Canada. I think that is important.

It is not necessary for me now to review the negotiations leading up to the signing of this agreement. That ground has been so thoroughly covered by the Prime Minister and the leader of the opposition that I do not deem it necessary to comment upon it. What is the effect of a reduction in duties? I think the house will agree with me that a reduction in duties has really two effects, the first being an increase in the volume of imports—at least that should be the first effect—and then the displacement of home labour by foreign or outside labour. And here I want to be fair. I think the government speakers could have taken advantage of an argument with respect to these two effects, though I have not heard it mentioned. However, I will state it. In a fair trade agreement these effects would be counterbalanced by provisions for greater exports which in turn would absorb the labour disturbed by imports. That is a fair conclusion. But can one find in this agreement provisions that make for that counterbalancing effect? I cannot.

This agreement, like all others, is in some respects good and in other respects bad. I will refer briefly to certain products in which Saskatchewan is more or less interested. The question of potatoes has been mentioned on both sides. We do not export potatoes from Saskatchewan to any great extent; very few, if any, are exported. But if it were possible, under this or any other agreement, for eastern Canada and the maritimes to sell their potatoes

to our good friends to the south, we might be induced in the west to grow potatoes and ship them to Ontario and Quebec, so that these two central provinces might know what real potatoes are. I have not had a real potato since coming to Ottawa; I say that with all due respect to my good friend from Toronto, and I have told him so. Conservative members from Manitoba and Saskatchewan are going to bring their own potatoes here and have a few baked in the restaurant.

I come now to dairy products. This is important. I have searched the agreement and cannot find in it very much for the dairy producer in Canada. There is no lowering of duty on milk, milk powder, butter or cheese. It is true there is a reduction on cream from fifty-six cents to thirty-five cents a gallon, but there is a quota of 1,500,000 gallons which is only half the amount of cream exported to the United States in 1929, prior to the Hawley-Smoot tariff coming into effect. It may be urged that we in the prairies do not export cream or milk. That is quite true. We cannot make cheese advantageously on account of the distances between farms; they make cheese in eastern Canada. They can export cream and milk from eastern Canada to the states immediately to the south, but we cannot do that in Saskatchewan. But I will say for the benefit of hon. members that in Saskatchewan, Manitoba and Alberta we can make butter second to none produced in any part of this country; and if an arrangement could be made whereby the maritimes and eastern Canada could obtain a market to the south for their dairy products we could supply the east with the best butter produced in Canada. I have under my hand some figures showing the number of prizes taken in 1935 at the Canadian National Exhibition in Toronto. The three prairie provinces secured 1,406 prizes and Ontario and Quebec together secured 174. That was for butter alone.

I should like to put on the record figures to show the exports of butter and dairy products from Canada to the United States in 1929; that is, before the Hawley-Smoot tariff took effect. In that year we exported 3,750,000 gallons of sweet milk; 1,000,000 pounds of milk powder; 2,833,000 gallons of cream; 7,411,000 pounds of cheese; 231,000 pounds of butter, and the same year we exported 7,213,700 pounds of bacon and 240,000 head of cattle. I think that shows the importance of the dairy industry. And there is in this agreement, other than what relates to cream, nothing that will help us to sell a pound of dairy products in the country to the south.

Let us take cattle. The reduction is one cent per pound on cattle over 700 pounds. I admit that is beneficial. The farmers of western Canada were very glad to see it. But I think we might have had the full cent and a half, representing the fifty per cent which the United States president could have given. However I do not think the item will be of any benefit; owing to the quota we shall not ship very many more than we did in 1935, before this agreement came into effect. The decrease which has already occurred in the price, with the increased freight rate, more than counterbalances the one cent per pound reduction in duty. I have on my desk letters which I have received from Saskatchewan farmers who were shippers of cattle and who expected to ship more, but when they compare prices they dare not take a chance. Here, again, we have a quota. Cattle have been spoken about so much during the debate that I almost hesitate to mention the matter. But the quota, which will be in the neighbourhood of 230,000 head, is equal only to the average of what we shipped in the years 1927, 1928 and 1929. I want to draw attention to the fact that there is no reduction for the class from 175 to 700 pounds which is commonly spoken of as stockers and feeders. Also, the restriction surrounding the exportation of the milch cow is such that I do not think the farmers will take advantage of it because, as I understand the situation, there has to be a clear bill of health as far as tuberculosis is concerned for at least a year before the cow is exported.

At this point I want to reply to a statement made this afternoon by the hon. member for Huron North (Mr. Deachman) with respect to this one cent per pound on cattle. I may say that it is rather an advantage for us to have the hon. gentleman in parliament when he speaks for himself, because we know that in the last parliament he had a mouthpiece in the person of Mr. Young, the then member for Weyburn. I believe Mr. Young put forth free trade views even better than the hon. gentleman can. The hon. member made the statement this afternoon that the one cent per pound arrangement was very favourably received by cattlemen or certain friends of his in Ontario. He said that he had a friend in Ontario who had so much feed last fall that he bought and brought down 400 head of western cattle; that he put 150 head in the feed lot, and when he shipped the finished cattle to Toronto, if the price did not suit he could then bill them through to Buffalo.

Now, why did he not tell the whole story? He said how pleased his friend was when he found that he had the advantage of shipping them to Buffalo at a cent a pound reduction in duty. Well, this is the story as he should

have told it. He said that he got these cattle from western Canada. Last fall the prairie farmers, the farmers out in Saskatchewan, were short of feed. We know how the calamity that occurred there last year affected our crops. Many of them had to sacrifice their cattle. Not having the feed, they could not properly finish their cattle to take advantage of the one cent per pound reduction in duty by shipping them to the south. I may say that these must have been a class of cattle which were feeders or stockers; they certainly were not fit for the market or they would not have gone into the feed lot in Ontario. They would be in a class not included under this agreement. If all grades of cattle had been included, they would have gone to St. Paul or some other point south from Saskatchewan. However, they came down to Ontario, and he got cheap freight; when they go into the feed lot they enjoy the cheap freight and a through billing. What he really was doing was exploiting the poor western farmer again. That is just what happened. I should like my hon. friend to make that speech out in Saskatchewan and tell the farmers there how, owing to this agreement, they were able to do that with western cattle.

I ask hon. members opposite: What is there in this agreement, when you boil it down that is of any value to cattlemen, and what is there in it for the grain grower? Is there included in the agreement any grain that will go into the United States or that we can ship under a lower rate of duty? And how about the dairy producer? These, I think, are all questions that should have been answered.

Much has been said about lumber. I am all in favour of a reduction that gives an entry into the United States for lumber. One of the members from British Columbia has elaborated to-night on that; it has meant certain benefits from a reduction in the duty; but I want to point out that already I have received protests from farmers in Saskatchewan owing to the fact that since the first of the year there has been an increase of $2 per thousand feet on lumber. The farmers out there are not receiving this very kindly. During the last five or six years they have not been able to buy lumber to repair their houses, their barns, their granaries and so on, owing to the calamity they have met in the loss of crops. They are in a similar position as regards lumber as they are in regard to machinery; the old machines are worn out and they have to buy new. And now, since the first of the year, they are faced with an increase of $2 per thousand feet of lumber, and they are also faced with a considerable increase in the price of machinery.

The reduction of duty on implements is from twenty-five per cent to 12½ per cent. When first the news came out, it was heralded as a great accomplishment on the part of the present government. The farmers received it very kindly because they expected to get their implements cheaper to the extent of at least twelve per cent of duty. But when the prices came out on February 1 and they found there was an increase from $2 to about $40 per implement, as the case might be, this was not very favourably received. Protests have been coming in, as we know; I have them before me, along with quotations from the western press to the effect that the farmers have protested. We know what has taken place in this house in the last two days, that a committee has been appointed to investigate this increase.

The fact remains, no matter how much we hear about free trade and about what lower tariffs will do, that when, on different occasions, we have had reductions in the tariff on implements in Canada, every time this has meant an increase in price, and that when we have had increases in the tariff, this has meant a reduction in the price. That is something I cannot figure out, and it has not been figured out by any of the members opposite. There is a joker somewhere. But I would remind this house that when the leader of the opposition was in power and we raised the duty on agricultural implements coming into Canada, he made the manufacturers put their name on the dotted line that there would not be any increase, and if the present Prime Minister had had the courage to talk to the manufacturers in Canada there is no doubt that there would not have been the increase now that they have lowered the duty.

Mr. YOUNG: Is my hon. friend in favour of taking the whole duty off agricultural implements?

Mr. PERLEY (Qu'Appelle): Well, if it will work the way it has worked during the last four years, that when the duty was increased we had lower prices and when the duty was taken off we had increased prices, I would say no, for that one particular item.

Mr. KINLEY: What difference does the price make if you do not pay for your goods?

Mr. PERLEY (Qu'Appelle): Well, I think the implement manufacturers have been pretty well paid in the past. If they got

half of what they sold their implements for they would have been pretty well paid. However, that is the fact, and we shall see what will happen when we have the investigation. I am just as anxious to know as is any other member of this house. I am sure that the farmers of the west want to know, and if we can do so we should solve this problem of why these prices have gone up when the duty has been lowered.

I have tried to cover most of our primary products in a fair way and to point out the advantages, but there are one or two distinct disadvantages as well. Reference has been made already to the reduction in duty on pork and pork products, a reduction from five cents to 1¾ cents in some grades and from five cents to three cents in other grades. I should like to tell the house what the secretary of the United States Department of Agriculture thinks about this item of pork products. He stated:

—there would be a wide market in Canada for United States pork. He could see Canadian pork going to Great Britain and United States pork taking its place in Canada.

I have before me the figures with regard to exports of pork from Canada and imports of pork from the United States. In the last five years we imported from the United States 33,309,509 pounds and exported to that country 15,827,800 pounds. For the last three years or so exports and imports have practically balanced, but during that period we have had a very considerable increase in our exports of pork products to the united kingdom under the Ottawa agreements, under which we have a quota of 280,000,000 pounds of bacon. In the first year during which the agreements were in operation we secured in the united kingdom a market for some 43,000,000 pounds of bacon. In the second year we exported about 60,000,000 pounds and last year we exported over 80,000,000 pounds. I would remind the house of the statement made by Mr. McLean of Canada Packers, before the price spreads committee, that during the first year the agreements were in operation they meant $26,000,000 to the hog producers of Canada. In that year our exports amounted to only 43,000.000 pounds, so that on a similar basis that market must have been worth from $35,000,000 to $40,000,000 last year. Compare what the Ottawa agreements meant to the hog producers with the statement made by the hon. member for Portage la Prairie (Mr. Leader) the other night, that this agreement would mean $18,000,000 to the cattle growers of Canada. It must be remembered that in making that statement the hon. member assumed that all the cattle produced in Canada during the year would reap the benefit of the $9 per head, which was the figure he used. That, of course, would be utterly impossible, but even if it were not, when these two advantages are weighed I think everyone will agree that the balance is in favour of retaining the hog market.

Now I should like to quote one or two opinions in connection with this agreement. This afternoon the hon. member for Saskatoon (Mr. Young) also quoted the opinions of various people. First, I should like to quote a gentleman whose opinion I know the government will not hesitate a moment in accepting. I refer to a statement made by Grant Dexter, which appeared in the Regina Leader-Post in January of this year:

The United States treaty has undermined the foundations upon which the Ottawa treaties were built.

I think that is something important which should be remembered. The other opinion I wish to mention is that of the President of the United States, contained in an address to the American Farm Bureau at Chicago on December 9, 1935, appearing in the Duluth Herald of the same date:

Agriculture, far from being crucified by this agreement, as some have told you, actually gains from it. We export more agricultural products to Canada than we have imported from her. We shall continue to do so, for the very simple reason that the United States, with its larger area of agricultural lands, its more varied climate and its vastly greater population produces far more of most agricultural products, including animal products, vegetables and fruits, than does Canada. In the case of the few reductions that have been made, quota limitations are set on the amount that may be brought in at the lower rates.

That is an important statement, and we should keep it in mind. Then the president continued:

On the other side of the picture we believe, and most unbiased men believe, that the general increase in our trade with Canada, including the exports of our factories, will so add to the purchasing power of hundreds of thousands of wage earners that they will be able to spend far more than they do to-day for the products of our own farms, our own forests and our own fisheries. Greater trade is merely another word for more production and more employment. The proof of this particular pudding is in the eating, the best way to judge the new accord is to observe how it works out.

That is certainly good advice.

It will be impossible for me to conclude my remarks to-night, Mr. Speaker, so I will move the adjournment of the debate.

Motion agreed to and debate adjourned.

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

Monday, March 9, 1936

The house met at three o'clock.

TORONTO HARBOUR COMMISSIONERS

Hon. C. D. HOWE (Minister of Marine) moved for leave to introduce Bill No. 12, respecting the Toronto harbour commissioners.

Mr. BENNETT: Explain.

Mr. HOWE: Mr. Speaker, the purpose of this bill is to clarify the present Toronto Harbour Commissioners Act. A doubt has been raised whether the act gives the harbour commission authority to refund its indebtedness. While there is no real doubt about it, the purpose of the bill is to make it clear that the commission has that right.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

DOMINION HOUSING ACT

Mr. JEAN:

1. What lending institutions entered into a contract with the Minister of Finance under the terms of the Dominion Housing Act, 1935?

2. How many loans have been made to date through the medium of such institutions (a) in the city of Montreal; (b) in the other municipalities situated on the island of Montreal?

3. What is the total amount of loans made (a) in the city of Montreal; (b) in the other municipalities situated on the island of Montreal?

4. In what wards of the city of Montreal were loans made, and what is the number and amount with respect to each ward?

5. In what other municipalities on the island of Montreal were loans made, and what is the number and amount with respect to each municipality?

6. How many loan applications were refused (a) in each ward of the city of Montreal; (b) in each of the other municipalities situated on the island of Montreal?

7. Were special instructions other than those contained in the act and the contracts given to lending institutions of Montreal?

8. If so, what are such instructions?

Mr. DUNNING:

1. Sun Life Assurance Company of Canada; London Life Insurance Company, North American Life Assurance Company; Mutual Life Assurance Company of Canada; Great-West Life Assurance Company; The Northern Life Assurance Company of Canada; Canada Life Assurance Company; Confederation Life Association; The Grey & Bruce Trust & Savings Company; Community Trusts Corporation; The Sterling Trusts Corporation; Capital Trust Corporation Limited; The Premier Trust Company; Guardian Trust Company; Osler & Nanton Trust Company; The Ontario Loan & Debenture Company; The Central Trust Company of Canada; The Waterloo Trust and Savings Company.

2. (a) 10; (b) 40.

3. (a) Montreal	10	loans		$ 154,103
(b) Outremont	2	"	$ 13,980	
Mount Royal	26	"	194,561	
Hampstead	8	"	57,436	
Pointe Claire	4	"	16,566	
				282,543
				$ 436,646

4. No record by wards.

5. Answered by No. 3.

6. By Department of Finance: (a) 2 in Montreal (no record by wards); (b) 1 in Westmount.

7 and 8. No special instructions as to lending in Montreal.

Note.—In this answer the amounts in dollars include the share of the dominion government and of the approved lending institutions.

TRAP NET LICENCES—BRITISH COLUMBIA

Mr. PLUNKETT:

1. How many trap net licences have been issued yearly for fishing in British Columbia waters from 1930 to 1936, inclusive?

2. To whom or what fishing companies have such licences been granted in each year?

3. Is it the intention of the Department of Fisheries to terminate some or all further licences for trap net fishing?

4. If so, what firms or companies will be refused further licences for trap net fishing?

5. At what date will such licences for trap net fishing terminate, should the department decide not to renew same?

Mr. MICHAUD:

1. and 2.

1930—3 to Sooke Harbour Fishing & Packing Company, Ltd.; 3 to J. H. Todd & Sons, Ltd.

1931 and 1932—3 to Sooke Harbour Fishing & Packing Company, Ltd.; 4 to J. H. Todd & Sons, Ltd.

1933—3 to Sooke Harbour Fishing & Packing Company, Ltd.

1934 and 1935—5 to J. H. Todd & Sons, Ltd.

1936—3 to Sooke Harbour Fishing & Packing Company, Ltd.; 4 to J. H. Todd & Sons, Ltd.

3, 4 and 5. Notification was given that licences for these traps would be available for the season of this year. Whether they will be continued thereafter may later be considered.

MAIL TRANSPORTATION CONTRACTS

Mr. BOULANGER:

What number of contracts for the transportation of mail are in operation in each province at the present time?

Mr. ELLIOTT (Middlesex):

Prince Edward Island	249
Nova Scotia	1,099
New Brunswick	962
Quebec	2,723
Ontario	3,739
Manitoba	817
Saskatchewan	1,443
Alberta	1,104
British Columbia	802
Yukon	14

DISMISSAL OF POSTMASTERS

Mr. MULOCK:

1. How many postmasters were dismissed from August 7, 1930, to November 7, 1930?
2. How many postmasters were dismissed from October 23, 1935, to January 23, 1936?
3. How many postmasters were dismissed from August 7, 1930, to October 23, 1935?

Mr. ELLIOTT (Middlesex): Mr. Speaker, I received from the hon. member for North York (Mr. Mulock) a request to add an additional month in each case, and the answer has been prepared accordingly, as follows:

1 and 2. Dismissals authorized for four-month period—(August 7, 1930-December 7, 1930), 73; (October 23, 1935-February 23, 1936), 52.

3. 913.

JAMES J. LARABEE

Mr. BROOKS:

1. Is James J. Larabee, of Eldon, Queens county, Prince Edward Island, in the employ of the Department of Fisheries?
2. If so, what was the date of his appointment, what are his duties, and what is his salary?
3. Is the position under the Civil Service Commission?
4. Is Mr. Larabee an ex-service man?

Mr. MICHAUD:

1. Yes.

2. December 18, 1935. Supervision of the fishery protection vessels and fisheries patrol boats on the Atlantic coast with a view to effecting economies therein. $3,500 per annum.

3. No.

4. No.

CHEESE BONUS PAYMENTS

Mr. BERTRAND (Prescott):

1. What amount was paid on cheese bonus each month from July to December, inclusive, 1935?
2. What amount of such bonus was paid in each province during the said period?

Mr. GARDINER:

1. July	Nil
August	$ 233,916 44
September	278,848 01
October	261,893 98
November	121,936 42
December	137,274 20
Total	$1,033,869 05

2. Prince Edward Island	$ 2,146 87
Nova Scotia	Nil
New Brunswick	2,751 11
Quebec	216,186 29
Ontario	779,118 63
Manitoba	11,865 12
Saskatchewan	5,573 46
Alberta	11,231 92
British Columbia	4,995 65
Total	$1,033,869 05

KITCHENER MUNICIPAL COUNCIL—RESOLUTION ON IMMIGRATION

Mr. MALLETTE:

Has the government received from the municipal council of the city of Kitchener, Ontario, copy of a resolution passed by that council on December 16, 1935, respecting immigration?

Mr. CRERAR: Yes.

MOTIONS FOR PAPERS

THREE RIVERS, QUE., GRAIN ELEVATOR

Mr. HALL:

For a copy of all correspondence, reports and other documents appertaining to the lease entered into with the Three Rivers Grain and Elevator Company, regarding the erection of an elevator at Three Rivers, on government property.

CHARLOTTETOWN, P.E.I., HARBOUR IMPROVEMENTS

Mr. SINCLAIR:

For a copy of all letters, correspondence, telegrams and other documents exchanged between the government of Canada and any department thereof, or any other person, with regard to harbour improvements in Charlottetown, Prince Edward Island, since 1930.

LA DURANTAYE, QUE., POST OFFICE DEPOSITS

Mr. BOULANGER:

For a copy of all correspondence between the Postmaster General or the general superintendent of postal service at Quebec, and the postmaster of La Durantaye, respecting the discontinuance of La Durantaye post office deposits with the Provincial Bank of Canada at La Durantaye.

LA DURANTAYE, QUE., POSTAL SERVICE

Mr. BOULANGER:

For a copy of all correspondence between the Postmaster General at Ottawa and the postmaster of La Durantaye, from August 1, 1931, to date, respecting (a) the post office, and (b) La Durantaye rural mail No. 1.

Mr. BOULANGER:

For a copy of all correspondence between the Quebec district superintendent and the postmaster of La Durantaye, from August 1, 1931, to date, respecting (a) the post office; (b) La Durantaye rural mail.

JAMES J. LARABEE

Mr. BROOKS:

For a copy of all letters, correspondence and other documents exchanged between the hon. the Minister of Fisheries, any official of the Department of Fisheries, and any other person, with respect to the appointment of James J. Larabee, of Eldon, Queens county, Prince Edward Island, to a position under the Department of Fisheries.

PENSIONS FOR THE BLIND

PROPOSED EXTENSION OF BENEFITS OF OLD AGE PENSIONS ACT TO BLIND PEOPLE OVER FORTY YEARS OF AGE

Mr. T. F. DONNELLY (Wood Mountain) moved:

That, in the opinion of this house, the government should consider the advisability of extending the provisions of the Old Age Pensions Act to blind people over forty years of age.

He said: Mr. Speaker, last year a resolution similar to this was placed before this house by the then hon. member for North Renfrew, Mr. Cotnam. The resolution was debated and received the unanimous support of all parties. It was considered that a resolution of this kind was not of a political nature, but was one that appealed to people of all classes. The resolution was sent to a committee which, after considering it, reported back to the house in a favourable manner. The house then saw fit to refer it again to the committee with the request that certain other features be considered. The committee again reported to the house and the resolution was passed unanimously. Since that time nothing has been done. Probably the trouble of the last elections prevented the former government from putting the resolution into effect—

Mr. BENNETT: It could not do it; there was no appropriation.

Mr. DONNELLY: In any case, nothing whatever has been done, either by the Conservative or by the present government, to put this resolution into effect.

I do not feel that I need to apologize to the house or to any one else for bringing forward this resolution and asking the government again to consider the advisability of pensioning blind people over forty years of age. In my opinion the blind people throughout the dominion might be considered or thought of as the forgotten men. We have an obligation in respect to the blind which in my opinion has not been fulfilled. We have certain duties to these people which we have not lived up to.

Hon. members may ask what is the definition of a blind person. The definition varies in different parts of the world. For example, in the state of Kansas a blind person is considered as one who has lost all eyesight. In England the definition of a blind person is one who is unable to perform any work for which eyesight is essential. In my opinion the best definition of blindness is that used generally by ophthalmologists or oculists, that a man is blind who with all the assistance that can be given by means of glasses cannot see even with his best eye what is known as the 6/60 Snellen's test chart, in other words, one who cannot see block type one-quarter inch in size one foot from his eyes.

These blind people can be divided into three classes. First, there are those who are absolutely blind. Then there are those who can distinguish light from darkness, who can tell when it is daylight but who cannot see otherwise, although they may go to even the 3/60 Snellen's chart. Then there are those who can see certain large objects, but whose eyesight is not sufficient to enable them to read block type one-quarter inch in size one foot away from the eyes. The test to be applied to young persons or those who are illiterate is to place an apple two feet from the eyes, to see if they can distinguish

it. Those who cannot distinguish it are classified as blind, and this is considered a definition of blindness in Canada and throughout the world, and they should be considered as 6/60 Snellen's chart. It is the definition most acceptable and practicable for dealing with these people.

The next question to be considered is the number of blind people in Canada and other countries. The average for blindness throughout the world is about one person out of every thousand. In some civilized countries this average is somewhat reduced. For example, in Canada, according to the 1931 census, there were 7,343 blind people, or a little less than one in every thousand. In Japan or India the average is much greater. The total number of blind people in the United States is in the neighbourhood of 75,000. In England the total is in the neighbourhood of 46,000; in Scotland it is about 7,000, but in India it is about 500,000.

The next question is whether the rate of blindness is increasing. The last census reports show that blindness has been increasing very rapidly in the Dominion of Canada during the last few years. The general idea is that because of hygienic measures adopted by different localities the number of blind people in the dominion is becoming less, but I find that the census of 1881 gave the total number of blind as 3,002; the 1891 census showed that the number had increased to 3,350. In 1901 there was a slight reduction, to 3,266; in 1911 there was a slight reduction to 3,226; in 1921 the number had increased to 4,388, and in 1931 there was a total of 7,343 blind persons in Canada. The tests for blindness made in the taking of the census prior to 1931 were not accurate, and it is believed that those used in connection with the 1931 census contained many defects. However, the census returns for 1931 are more accurate than any other return taken in the dominion. We believe that from 7,400 to 7,500 is a correct estimate of the number of blind people at the present time in the dominion.

The next thing that might interest some of us is the cause of blindness. Why are people blind? The first cause of blindness is disease. Ocular affections such as cataract, glaucoma, atrophy of the optic nerve, and other causes accounted for 1,699 of the blind persons in Canada, according to the 1931 census. Senility or old age is the second major cause of a large number of cases of blindness, the number being 1,301, and accidents are a third cause, the number being 1,283. These are the three major causes of blindness in Canada, according to our census returns.

The next question we may be interested in is the ages at which blindness takes place. At what age does it generally occur in Canada? I thought that I should find that the great majority of cases occurred in the first five years of age, but that is not so; the majority of those that become blind meet with this misfortune between the ages of sixty and eighty. There are 2,347 who have become blind between those ages. The next largest number is between thirty-five and sixty-five years of age, 2,180; next, between five and thirty-five years of age, 1,382; and those between birth and five years of age number 1,218. There are 216 who were not able to say at what age blindness took place.

In discussing a resolution of this kind the first question that occurs to us or that should be brought to our attention is this: How many people does the resolution affect? To how many would it be necessary to pay pensions? How many are between the ages of forty and seventy—because at present all those who are over seventy if they are in need come under the old age pensions scheme; this applies only to blind persons between forty and seventy, and who are without any means of support. We find that the total number of people between forty and seventy who are blind is 3,016, according to the census returns of 1931. But of this number there are some who would be excluded from the provisions of any scheme for pensioning the blind. For example, there are forty blind persons who are receiving workmen's compensation, an income sufficient to exclude them from pensions for the blind; there are sixty-seven mothers receiving mothers' allowance and they would not come under the scheme; there are eighty-nine blind returned soldiers who would not have to be pensioned; and there are 684 blind married women, a large percentage of whose husbands are earning a living, probably fifty per cent, so that that would leave a total in this class of 342 who would have to receive pensions. Then there are blind people earning over $500 a year; there are about 250 in this class to whom it would not be necessary to pay pensions. And over and above that there are people with private incomes for whom the government would not have to provide; there are about fifty in this class. This makes a total of 838 who would not be included in the first total I have given of 3,016; so that the number who would have to be pensioned to a greater or lesser degree by the government if this resolution were adopted would be 2,178. We realize, however, that there are many blind people who, when they found that a pension was going to be paid, might try to get under

the act; in some way or other they might get on the pension list. We say therefore that in order to be quite fair we should add another twenty per cent to the total, which would make it 2,614. This is the total number of those who in my opinion would have to be provided for under this proposed scheme of paying pensions to blind persons between forty and seventy years of age.

The next question that arises is this: What is it going to cost the government? Suppose we pensioned the whole 2,614, giving them $20 a month or $240 a year? the amount involved would be $627,360. But as the dominion would pay only three-quarters of this sum and the provincial government one-quarter under the old age pensions legislation, if this were adopted on the same principle as that legislation, it means that the cost to the federal government would be about $470,520, or about half a million dollars in round figures. This is the maximum which in my opinion the dominion government would be called upon to pay.

Another question that naturally suggests itself is: What are other countries doing for their blind? How are the blind treated elsewhere? I find that in Great Britain they give 10 shillings a week to all over fifty years of age. In Northern Ireland and the Irish State they give 10 shillings a week to all blind people over thirty, and in Australia 20 shillings a week to all over sixteen years of age, while in New Zealand 17 shillings and sixpence is paid to all blind over twenty years of age. In Denmark all disabled persons are pensioned, and in France the necessitous blind over the age of forty receive pensions. Sweden recently enacted legislation giving $125 a year to the blind. Russia has established a large number of factories in which blind people are employed in cooperation with workers who can see. Russia perhaps has done more to give employment to the blind than has any other country. Thirty states in the United States pay pensions of varying amounts; for example, $1 a day is paid in Pennsylvania and $50 a month in California. Japan has set aside certain occupations to be engaged in only by the blind—the work of a masseur, for instance, which only the blind are allowed to do. Certain other countries give industry a bonus each year provided they employ only blind persons, and blind persons are engaged in these industries. This is what other countries have done for their blind, and we as Canadians have fallen down in our duty. We have not so far passed any law making provision for the blind in Canada, apart from such charity as has been given them during the last few years.

[Mr. Donnelly.]

The next thing I may be asked is why the age of forty years has been chosen instead of some other. I will only say that forty was taken more or less as a tentative age. On the other hand it is to be remarked that the blind are probably more systematically looked after in England than in any other country. There they have gone into the conditions surrounding blindness in much the same manner as they do everything else, very thoroughly and systematically. For some time pensions had been paid in England to blind people over fifty years of age, but in 1928-29 a British Ministry of Health advisory committee, under the chairmanship of the Right Hon. Lord Blanesburgh, P.C., G.B.E., investigated the age at which pensions should be paid to the blind, and decided to recommend that they be paid to all blind people over forty years of age. I wish to quote from a part of the committee's report:

> We understand that the minimum age for the receipt of these pensions was originally fixed at fifty years because it was thought that up to that age blind persons were generally fit for a course of vocational training and subsequent employment. We still believe that it is possible for many blind persons of fifty years of age, or even more in some cases, to be trained for successful employment, and we trust that local education authorities will give every suitable blind person an opportunity for training without being bound by an arbitrary age limit. Nevertheless experience has shown that in a number of cases it has not been possible, for health or other reasons, to train blind persons less than fifty years of age to earn a livelihood. We consider that the reduction of the age limit from fifty to forty years for the receipt of a blind pension would be fully justified.

That is one of the reasons why we have taken the age of forty.

Some people say, why not have it for all blind people? I do not think that would be a good idea. If you gave pensions to blind persons under forty years of age it would take away their incentive and their initiative to do work themselves, to be self-reliant, to be independent, to take up some vocation or other to earn their livelihood. We know that those who are able to work are much happier and more contented when they are doing something than when they are doing nothing and living on money they receive from the government. But we do find that when blind people are over forty years of age, if they are not then rehabilitated, not then able to earn their living through some useful occupation, it is almost impossible to train them to earn a living for themselves. That is why we have chosen forty as the age when a pension to the blind should begin.

You may also ask me why we should link up pensions to the blind with the Old Age Pensions Act. We think it is desirable to do so for two reasons. First because if it is connected with the Old Age Pensions Act it will not look so much like charity to the blind who receive it. They will feel it is coming to them anyway; it is not a charitable donation, but something which they deserve, being linked up with the system of old age pensions. Another, and I think the major reason for this course, is that one set of officials can administer the whole thing, can look after the blind as well as the aged, and at practically the same cost to the state.

I wish to say only this in conclusion. If legislation is passed connecting the present old age pension law with pensions for the blind, probably it will not be possible to put it into effect to any great extent this year. We realize that if this legislation passes we shall have to have concurrent legislation in the provinces before it can come into effect. But it will be a beginning, and probably it can be started next year and put into effect to at least a certain extent. There are two provinces in the dominion which have no provision for old age pensions; I refer to New Brunswick and Quebec. We believe that that difficulty will soon be overcome, that these provinces will put through old age pension legislation before the end of the year, and they will then have the same opportunity to give pensions to their blind as will other parts of the dominion.

It was a Liberal government that first enacted an old age pensions act. True it is that they did not give seventy-five per cent, the amount to which it was raised by the Conservative government, nor did they increase it to one hundred per cent, as the Conservative government promised to do. We hope it will soon be done, because the dominion government are paying practically all the old age pensions at the present time anyway. If people over seventy years of age are entitled to a pension, how much more deserving are blind people over forty, labouring as they do under far greater handicaps than older people who have kept their sight? I look around this house and I see sitting here people over seventy years who are hale and healthy and smart and able to carry on their occupations and make a living for themselves. Why then should we not fulfil our obligations to those who are labouring under the handicap of blindness, by pensioning them off?

It is true, as some point out, that there are people who labour under other handicaps; there are the deaf and the dumb. Probably at some time we shall have to pension them. But I do say that our first obligation is to the blind, and it is one which we should not disregard. They are calling out to us, appealing to us to remedy their condition, and I ask the government seriously to consider this resolution, which urges that pensions be given to the blind who are over forty years of age.

Mr. W. K. ESLING (Kootenay West): The hon. member for Wood Mountain (Mr. Donnelly) has made a very complete presentation of the subject matter of his resolution, and it is my most earnest hope that it will be favourably disposed of, and that the government may see the way clear to bring down at this session legislation to implement the terms of the resolution. As the hon. member stated, a similar resolution was thoroughly reviewed by a select standing committee at the last session of this house. The resolution involves either an amendment to the Old Age Pensions Act or perhaps special legislation. That, however, is a matter for the government. It also involves acceptance by the various provinces; as to that we need have little concern, because no doubt public opinion in each province will justify that acceptance.

We all know the personal interest of the right hon. Prime Minister (Mr. Mackenzie King) in all matters affecting the welfare of the sightless, and we know too that every member of this house shares equally in such sympathy.

This is a private member's resolution, and unless it is disposed of to-day it will be a very simple matter to sidetrack it or send it to the parliamentary burial ground. No good purpose can be served by again referring this matter to a committee. If the government is disposed to bring down legislation every hon. member will have an opportunity to record his views, and I think the constituents of all members from one end of the dominion to the other will endorse the attitude of those who support any legislation that is brought down. Therefore, Mr. Speaker, through you I would ask hon. members to cease this discussion, call for the question and dispose of the matter immediately.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I rise to support this resolution for two reasons. First I wish to express, not only on my own behalf but also on behalf of those with whom I am associated, our appreciation of the fact that this resolution has been brought before the house. In the second place it gives me a peculiar personal pleasure to speak to this resolution. For a number of years, for reasons I need not give,

I have been very much interested in the welfare of blind people, and have been privileged to act as honorary president of the Saskatchewan branch of the Federation of the Blind for some years. My only comment in regard to the resolution would be that perhaps it does not go far enough, but if it is adopted by the government it will be a start, and a very excellent start at that, in the right direction. I look forward to the day when we shall have not only a national plan to deal with blind people but also a general plan that will take care of those in our midst who are disabled or handicapped, not only those who suffer from physical defects but also the widow and the orphan.

I realize that a resolution of this kind, coming before the house at the present time, involves the question of finance. Consequently the government, perplexed with having to find money for the various activities of government, is loath to extend services of this kind. I noted that the hon. member for Wood Mountain (Mr. Donnelly) who so ably introduced this resolution, stated that in certain countries—and Denmark was particularly mentioned—the government had instituted pensions for all disabled people. That is true. On more than one occasion I have referred to the social legislation that has been instituted in the kingdom of Sweden. I do not know if it is generally known in this house, but it was in 1915 that a Conservative government of that country introduced an old age pension plan. Faced with the necessity of financing the plan they adopted a novel method which I am going to recommend to the consideration of the Minister of Finance (Mr. Dunning) of this country. They took over what had become a great monopoly, the tobacco monopoly, and in the course of the years that have followed from that one source alone, earmarked for old age pensions, the government of Sweden has received something in excess of $300,000,000. Then they took over the liquor monopoly, and I think most of us in this house will agree that this is a traffic which ought not to be left in private hands for exploitation. A few days ago I saw an article by Professor Walter Thompson which stated that from that source Sweden was receiving approximately $50,000,000 per year, yet it was also pointed out that the cost of the various brands of wines and other beverages compared quite favourably with similar costs in Great Britain and other countries, and that drunkenness had been halved.

We have in Canada a number of such monopolistic institutions that might be considered by the government in relation to problems of this sort; for I realize quite fully that we must find new sources of revenue if we are to institute and continue legislation of this sort. I should like to point out that in 1932 it was divulged, upon inquiry, that in Canada the tobacco business was already a monopoly. Therefore it is something that could be easily controlled by the government. We learned that two companies practically control the whole field, the Imperial Tobacco Company, controlling some seventy per cent of the business, and the Macdonald tobacco company, controlling some twelve per cent of it. In the five years from 1929 to 1933 some $1,861,000 was distributed to six executive officers of the Imperial Tobacco Company; dividends paid amounted to $26,000,000, and there were undivided profits of some $11,000,000 in the same company.

Mr. ROSS (St. Paul's): Mr. Speaker, I rise to a point of order. I do not think the hon. member is speaking to the subject under discussion.

Mr. SPEAKER: I do not think the hon. member is going too far away from the subject in showing how the government would be able to obtain money with which to pay these pensions.

Mr. COLDWELL: Thank you, Mr. Speaker. In discussing this resolution I was anxious to make some constructive suggestions as to where the money might be obtained, and I was drawing an analogy between the situation in Canada and the situation in a country overseas where the money has been found for a similar service in the manner I have just outlined. I would suggest that the government explore avenues of this kind in order that we may provide for services of this description.

It is not necessary to emphasize the need of a measure such as this, but I should like to add one more thought. It is this, that the government of Canada should not only endeavour to provide for those already blind. As a condition of making that provision, in cooperation with the provinces, it should be laid down that the provinces which participate and which, to a degree, are financed by the federal government in this regard, should do something in reference to the prevention of blindness. For a number of years I have been associated with institutions where I have seen the necessity for that being done. Children have been unable to obtain the necessary care, with the possibility that in after years they may suffer from blindness. Consequently I should like to see the scope of this resolution extended, when considered

by the government, so that whatever is done may be done on the condition that the provinces participating, through their educational and other institutions, should do something for the prevention of blindness.

I do not propose to say anything further, Mr. Speaker, except that we of the group with which I am associated, realizing that this is not a partisan or political issue, are thoroughly behind this resolution, and we hope the Minister of Finance will be able to see his way clear to make provision for the institution of this well worth while service.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I rise to support this resolution from a sense of duty and fair play. Pensions to the blind are long overdue. When we see the need and realize our duty, something may be done. My eyes were opened to the needs of the blind when I saw a young man who had fought overseas and come back whole, and then had to go into a gravel pit on relief work to get a living for his wife and family and came out blind. It was then that we in Fort William woke up to the needs of those who are blind, and we found that at the head of the lakes there were over thirty who are sightless. Captain Baker, for whom we have great respect, told us the other night that the cost of pensions for the blind would not exceed $150,000 for this year. I got in touch with him to learn the reason for that, and he said that even if legislation is enacted at this session, regulations could not be made to inaugurate payments before October 1. Besides age verification and means test there would be the additional requirement of proof of blindness within the terms of the definition used in the act.

We take off our hat to a man like Captain Baker, whether we agree with war or not, who went overseas and served faithfully. He came back and fitted himself to lead out of darkness into light those suffering from this affliction. He is behind this resolution, and it is our duty to support him and those associated with him in this work. He is backed by men and women in all provinces, teaching handicrafts to the blind, but the difficulty is that when the goods are made it is hard to find a sale for them.

Every afternoon, Mr. Speaker, you open the session with prayer, and I admire your reverence, saying either in French or in English, "Our Father." If we say that prayer sincerely, every man and woman throughout this wide dominion should be our brother or sister. and when any of our fellow citizens fall into a pit it is our duty to help them out. To me there is no pit so dark and cruel as the pit of blindness. It is our duty to provide for the blind, even if it requires making reductions of expenditure in other places.

Miss AGNES C. MACPHAIL (Grey-Bruce): I want to add my voice to the others who have spoken in favour of this resolution and the institution of pensions for blind people over forty years of age, payment to begin this year. It is now almost thirteen years, I think, since the agitation for pensions to the blind began. I think they say in the document they send out that since 1923 they have been seeking earnestly to get pensions. When times were not as difficult as they are now, blind people might have been able to get work, but now when those who have their sight and are trained cannot get work there is almost no hope at all for the blind in that regard. I do not think any of us meant to do what was done last year; we raised the hopes of the blind throughout Canada and then those hopes were dashed to the ground. It caused a great deal of suffering of mind and spirit, a great deal of bitterness in the hearts of blind people, because they thought they had won their fight. I believe that parliament meant, and even the government meant, that the blind should have the pension, but there were a lot of things to do and the matter was neglected. This should not be put off any longer. Canada will soon be the only part of the British empire that has not done it. Great Britain takes care of the blind; so do New Zealand and Australia and Ireland. also the United States, France, Denmark and Sweden. Surely we do not want to tag along at the very end in all great social services.

Last year the blind were so confident that by putting just a little more pressure on parliament they were going to get the pension that they had a great parade in Montreal. I have the story of that parade and the speeches at the demonstration as reported in the Montreal Daily Star of May 17, 1935, and there is a paragraph in it which expresses very well how I feel when I see blind people trying to get along. It says:

> The sight was one that brought a lump to the throat and tears to the eyes, as old men and women, well built youths and girls, and little children, linking hands to keep themselves in line, and guided by a sighted friend, walked behind the citadel band of the Salvation Army, and tried to keep in step with the lively march that was played. It was a tragic procession, and those who lined the sidewalks commented on that sadness, and

could be heard endorsing the slogans that were carried on many banners: "Give the blind pensions NOW." Traffic police guided the marchers to the hotel entrance, and there a double line of bell boys shepherded their faltering footsteps up the stairway through the rotunda to the meeting hall.

That demonstration was largely organized by Philip E. Layton and his son. I think too much credit cannot be given to the Layton family for what they have done for the sightless in Canada.

I am not in the least convinced that we cannot find the money. I know we can, and I know we ought, and I think the House of Commons and the government should see to it that this year we inaugurate pensions for the blind. If we do not we can only be unhappy about it, and while we may seek reasons to justify our action to others, we shall not be able to justify it to ourselves.

Mr. H. W. WINKLER (Lisgar): In speaking to this resolution I desire to make special reference to a comparatively small class of the blind. Before doing so, however, I wish to refer briefly to the debate that occurred on this subject in the house last year. On January 31, 1935, no less than fifteen members spoke on this matter and I think advanced about every good reason that could be given for payment of pensions to the blind. The resolution before the house then was substantially the same as the one now before us, except that to-day's resolution says that—

—the government should consider the advisability of extending the provisions of the Old Age Pensions Act to blind people over forty years of age.

On January 30, 1935, the hon. member for North Waterloo (Mr. Euler), in concluding his remarks, asked this question:

I would like to ask the hon. member why he confines it to people over forty.

Then on January 31, on the motion of the then Minister of Labour (Mr. Gordon) the question was referred to the committee on industrial and international relations. On April 3, after witnesses had appeared before the committee, the hon. member for Comox-Alberni (Mr. Neill) said that they—the witnesses—asked:

... that special consideration be given to the unemployable blind of any age. We never considered that aspect at all. They asked that they be taken care of by a bill, separate from the Old Age Pension Act if possible, but we never embodied that consideration in the report.

I should like to refer briefly to the information in bulletin No. 43 issued by the bureau of statistics in 1935 in relation to the 1931 census. It gives the total number of blind in the year 1931 in Canada as 7,343. I have calculated some percentages from the figures given on page 2 and find that of the blind about 9 per cent are under twenty years, 25·3 per cent are under forty-five years, and 41·5 are over seventy years of age. Using these figures as a basis, approximately 10 per cent of the blind are under twenty-one years, 21 per cent are under forty years, and approximately 11 per cent are between the ages of twenty-one and forty. It is particularly with regard to that class that I want to speak to-day.

Considering all classes in regard to the benefits conferred by the government, we find that education is provided for the blind up to the age of twenty-one years. There are a few good schools for the blind in the dominion; the provincial governments, I am informed, pay the expenses of blind young people up to the age of twenty-one, and these benefits apply to approximately ten per cent of the blind. In all the provinces except two, as was pointed out by the hon. member for Wood Mountain (Mr. Donnelly), the old age pension at the rate of $20 a month is provided for those over seventy, and that represents 41 per cent of the blind. But no government benefits whatever at present go directly to blind people between the ages of twenty-one and seventy, comprising approximately 48·5 per cent of the blind.

By this resolution it is proposed to consider the extension of the old age pension to those between forty and seventy years of age, or to approximately 37·5 per cent of the blind, or roughly 2,750 people. According to the 1931 census that would leave the blind between the ages of twenty-one and forty receiving no direct benefits from any government whatever, and that class comprises approximately 11 per cent of the blind, or about 800 people. Let me therefore give special consideration, Mr. Speaker, to the plight of these 800 people between the ages of twenty-one and forty who are receiving, and would receive under this resolution, no benefits whatever.

We know that when a young person without physical disability leaves school and is thrown on the world, especially in these days, finding a vocation is a difficult problem. We can, I think, safely multiply those difficulties by many times in the case of blind young persons who are looking for some occupation upon leaving school. If ever there is a time when a blind person needs assistance, it is when he or she leaves school and is seeking a vocation. I submit that the blind of that age, if of any age, should receive special consideration. This is the period of readjustment, and it determines to a great extent

the type of citizenship we are going to have among our blind young people. The resolution before the house therefore does not meet with the most urgent requirements of the blind people as a class.

Furthermore, when we consider the requirements of the blind person of the age of twenty-one, let us say, it is found upon inquiry that the average active industrious young blind person requires a guide, and unless a member of the family or some child is willing to act in that capacity, it will cost from $8 to $10 a month to have someone act as a guide and take the blind person about. Deduct that from the $20 which is not even offered to this particular class under this resolution, and you can see how badly off they would be. I maintain that this is an additional reason why the resolution is entirely inadequate.

If I thought that in this resolution lay the only hope of the blind in that age class, I would support it as it stands at once, but I am sure I voice the opinion of a great many people in this house and in the country when I say that we are looking to the government to bring down legislation which will consider the rights and requirements of our blind people irrespective of age.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the test, it has been frequently said, of our Christian civilization as distinguished from others is the care we give to the disabled and the poor and the suffering. I do not quite agree with what has been said by the hon. member for Wood Mountain (Mr. Donnelly), in his references to the blind, as to our having wholly neglected our duty in that regard. My earliest recollections as a young man of the care that was given to the blind go back to the time when every day I was passing a school for the blind in Halifax, Nova Scotia, and seeing the number of sightless persons that were there cared for and trained. Our estimates during all these years have indicated that we were desirous of making some appropriation to care for the sightless in every part of the dominion. We have given grants in aid of the work carried on by organizations in Montreal, Toronto and in the different provinces, in Nova Scotia and every part of Canada; so in fact we have endeavoured to assist the work carried on by various organizations in behalf of the blind.

In the days of my youth when this institution to which I refer was being maintained there was no thought that the state should care for the blind, or that the state should provide pensions for those over seventy, or that the social services that are now extended to so many persons in the community should be available. That indicates the great change that has taken place in the attitude of the people of this and other countries toward problems of this kind. In the older countries the legislation has assumed the characteristics to which reference has been made. In newer countries the progress has been slower, and on the American continent little thought was given to any such idea until more recent years. In 1927 we passed in this parliament an old age pension law which made it possible for the dominion and the provinces to cooperate to provide $20 per month or $240 per annum to men and women who had passed the age of seventy years, and who required this assistance. Need and age were the tests, and when the age had been reached, if the need was present, the state made the grants to which I have referred.

With respect to the need of the blind as compared with other classes, I do not think there is any difference of opinion in this chamber. Last year I listened with great interest to what was said in a very comprehensive discussion of the whole problem, and it was quite apparent that those who had personal and real knowledge of the situation were agreed that there was no doubt at all that the need was present, and that in many instances the unselfish devotion and the charitable instincts of humanitarian Canadians had supplied the needs so apparent of those who were sightless.

The question of age is one of the greatest importance. I shall not express my view beyond saying it did appear that in determining forty years as the age, those responsible for framing this resolution were following the course adopted in Great Britain. Like the hon. member for Grey-Bruce (Miss Macphail), I discussed the matter with Mr. Layton and he told me that there was no reason for taking this age beyond the fact that in Great Britain forty years had been determined upon, and that that was the age that appears to have been considered as being proper to submit to this parliament. In other parts of the British empire another age has been considered, but this question of age is a matter which can be dealt with just as parliament dealt with the age of seventy in connection with old age pensions. It can be determined by taking a general consensus of opinion as indicated by the members of the house regardless of their political affiliations.

There then arises the question that had to be considered last year, that must be con-

sidered this year and that will have to be considered at all times, the extent to which the provisions of the Old Age Pensions Act can be made available to meet the conditions to which I have referred. The Old Age Pensions Act is predicated upon the assumption that each province that desires to take advantage of its provisions shall make an agreement with the dominion government. That agreement provides the amount that the dominion will pay, which has lately been increased to seventy-five per cent, and the terms and conditions under which it will be paid. I am bound to say that there have been very grave abuses under that statute, but efforts have been made to curtail them and I think to some extent the efforts in that direction have succeeded. There will not be much likelihood of any abuses in connection with the blind. Blindness is apparent to all and there could be no misunderstanding under the circumstances as to the question of need, because that could be ascertained without difficulty. There might be some difficulties in connection with age, but we will pass them up.

Last year when Doctor Cotnam succeeded in having the matter referred to a committee, which committee made its report, it was quite clear that there was substantial unanimity in the house that the matter should be dealt with. However, it was pointed out, quite properly, by one member, who is now a minister, I believe, that two of the provinces, in one of which there was perhaps the largest number of blind persons of any province in Canada, had not availed themselves of the Old Age Pensions Act. If we had given effect last year to the suggestions contained in the resolution it would have been necessary to enact a statute for the payment of pensions to the blind regardless of any provisions in the Old Age Pensions Act, because it was agreed by all members that it would be highly improper to leave out the provinces of Quebec and Nova Scotia in dealing with payments to sightless persons. It was suggested that we should proceed to set up machinery to deal with the matter. As I have indicated, the government felt that that would not be a proper thing to do and I still think that that is the correct view to take of the matter. As the hon. member for Wood Mountain has said, it is not improbable that during the present year Quebec and Nova Scotia will avail themselves of the facilities provided for the payment of old age pensions under the Old Age Pensions Act. If that is done, the provisions of that act will be applicable to these two provinces. That being so, this house would be within reasonable bounds if it asked the government to give to this matter their very serious consideration.

I am not one of those who urge upon the occupants of the treasury benches that they should do this and that because it is the popular thing to suggest. The government must in the very nature of things be in a position to determine what action may be taken. We who sit in other parts of the house must not fail to realize that upon the treasury benches there falls a great and ever increasing responsibility; in the ultimate analysis the determination of what is to be done with the taxes raised must rest with those responsible for the raising of those taxes. If we asked blindly that the government pay out half a million dollars, six hundred thousand or seven hundred thousand dollars to a particular agency to effect a particular purpose, we might be asking them to do something practically beyond their power and be embarrassing the administration instead of assisting with the business of the country. I take it from what has been said on previous occasions and from what has been said to-day that there is no hon. member of the house who, if he were convinced that it did not involve a question of difficulty on the part of the government to supply the necessary funds, would not urge upon the government the desirability of amending the Old Age Pensions Act so as to make pensions available to sightless persons when they have reached the age of forty years, assuming that that age is accepted as the arbitrary age. For the reasons that have been given, that age does not seem to be unreasonable. But despite the fact that we all desire that it should be done, despite the fact that there is complete unanimity on the part of this chamber that such an act would not only be gracious and proper but would be fitting as indicating the humanitarian and benevolent impulses of the parliament of Canada, those charged with the responsibility of raising revenues must in the ultimate analysis determine whether or not it is possible at this time to give effect to that purpose. I rise only to say how much I appreciate the difficulties of the government in that regard and how firmly I am of the opinion that if it is at all possible to carry into effect the sense of this resolution, it should be done.

In passing I join with the hon. member for Grey-Bruce, in paying a tribute, not only to Mr. Layton and his family, but to the men and women in humble walks of life, and others in fairly good circumstances and conditions, who have made for themselves places despite their handicap and who have shown an unselfish devotion to this cause and have ex-

hibited an earnest and continued anxiety to assist in every way within their power in bringing some measure of relief to those who are sightless. For relief is required not only by them but by many others. The epileptic, the deaf and the dumb and many others are crying aloud for help, but there is no case that seems to strike human nature so strongly and move men's hearts so greatly as that of the sightless person who has attained the age of forty, we will say, and finds himself or herself utterly unable to battle with life's difficulties and problems and utterly unable to earn anything at all for himself or herself. Therefore I join my voice with the voices of those who have preceded me and who may follow me in expressing thorough accord with the effort being made to arrive at a solution of this very complex problem. At the same time I do not do more than urge upon the government, that must, as I say, be responsible for the raising of taxes, on the one hand, and the expenditure of revenues, on the other, to determine whether under existing conditions they can meet the just and reasonable requests that are made because of humanitarianism and benevolence, if you like, and see that those who have struggled so bravely and made sacrifices so great are afforded such assistance by the state as will enable them to be recipients not of charity but of a just and proper pension from the country.

Mr. A. MacG. YOUNG (Saskatoon): Mr. Speaker, I rise to say just a few words in support of this resolution. I notice that so far all the speakers have been on the other side of the house, but I do not believe all the sympathizers with the blind are over there. I think it has been demonstrated, not only this year but in other years, that there is a very great unanimity among hon. members and the people of Canada that one obligation which has never been discharged properly and fittingly is that of looking after the blind. Like the right hon. leader of the opposition (Mr. Bennett) I too passed the school for the blind in Halifax many times in my younger days. There I saw a very large number of persons trained and educated to take care of themselves. Scattered all over the dominion there are blind persons. In the city I have the honour to represent, the blind are among the most courageous people in the whole community. It surely must awaken the sympathy of every man and woman either in this chamber or outside to see people who have lost their sight now in serious difficulty.

I congratulate the hon. member for Wood Mountain (Mr. Donnelly) not only upon having introduced the resolution but upon the able way in which he has presented it. I have observed that many resolutions on very vital questions are fully debated here, but on following them up I fail to find that much has been done in a practical way with respect to them, and I would bespeak for this resolution the attention particularly of the Minister of Finance (Mr. Dunning). I am sure there is no member in this house who is more sympathetic to those in need than the Minister of Finance. In his life in western Canada he has come in contact with people really in need, and I am sure that the blind head the list of those who ought to be assisted. I therefore commend this resolution particularly to his attention. It is no part of my duty to tell him where the money is to come from or how it is to be done; that is a part of his duty and he is quite competent to perform the function he is called upon to perform in the government of which he is a very notable member.

When I think of this dominion paying $140,000,000 a year in interest rates, I suggest that we might begin by refinancing some of the great debt and perhaps cutting down so that the payment of a small pension to the blind would be a mere bagatelle. I commend that to the hon. gentleman. And he need not perhaps stop there, because there are many ways in which we might find the small amount necessary to pay some compensation to the blind. I recognize that the figures given to-day would probably not represent the full and ultimate requirements; nevertheless I would urge the Minister of Finance to give the matter his serious consideration.

I doubt whether the resolution quite meets my own view. I had the pleasure some years ago of supporting a bill for the establishment of old age pensions, and I support the proposal to pay pensions to the blind at forty years of age, not because I believe that this is the real solution of the problem but because I do believe that it is a step in the direction of that solution; and in the meantime I think the house should adopt the resolution. This is a question which in the opinion of hon. members on all sides is one which is worthy of support, and I commend the resolution to the government in the hope that they will give it that full consideration which in my opinion it entirely merits.

Mr. J. R. MacNICOL (Davenport): Having served during the last session on a committee to which was referred a resolution moved by Doctor Cotnam, in terms similar

to the one before us, and having heard before that committee representations from the various institutes representing the blind throughout the country, headed particularly by the Canadian Institute for the Blind of Montreal and the National Institute for the Blind of Toronto, I would be derelict in my duty if I did not rise now and say a few words in support of the present resolution so well moved by the hon. member for Wood Mountain (Mr. Donnelly).

The number afflicted by blindness will, I am afraid, increase as time goes on. The worker in industry, owing to the fact that he is working with rapidly moving machinery, or owing to the effect on his sight of many of the factors that enter into production in industry, is subject at all times to loss of sight. The sight of workers in industry is all too frequently impaired, and because of long association with that class of men I hope that the government will find it possible to adopt this resolution and to formulate legislation thereon.

I support the resolution for another reason. While the matter was under consideration by the committee last year, I made it my business to visit the blind institute in Toronto and was taken by Mr. Myers, one of their principal officers, to see the work being done in that city, and I was very greatly impressed with it. A year ago I was in hearty accord with a similar resolution but I am now more strongly in favour of the government accepting the present motion and giving it legislative effect.

During the election I had an experience that impressed me greatly with the necessity for pensions to the blind. In the course of a canvass I called on a family. Both husband and wife were blind, and when I introduced myself to them it appeared that, through association with other blind folk, they had learned something that had taken place before the committee during the last session, and it seemed that my name had impressed itself on their minds as one who was strongly in support of pensions for the blind. I have never in my life had a more courteous or a more hearty reception than was given me by these two blind people. When I called first the husband was in the cellar, a very dark cellar, and I learned from that visit that there is one advantage which even a blind man has over a person blessed with his sight. As I say, the cellar was very dark, there was only a small window in it, and when he came up he said, "I have been downstairs reading a good book." Of course, a normal person could not have seen to read in a dark cellar, but he had had the advantage of having been taught to read Braille in some of the institutes for the blind.

I have nothing to add at present but a sincere expression of hope that the resolution will be heartily supported and will be accepted.

Mr. J. J. DUFFUS (Peterborough West): Mr. Speaker, doubtless I do not differ from any hon. member in this house when I say that I have every sympathy for the unfortunate people to whom this resolution refers. I wish to congratulate the hon. member for Wood Mountain (Mr. Donnelly) upon having again introduced this subject to the house. I do not suppose there is a person in the world who would forego the indispensable pleasure and use of his sight for any pension, however fabulous it might be. We should not overlook, also, the tremendous hardship which falls upon poor families who have among them one or more sightless members. Next to those who are facing starvation I can conceive of no unfortunates who are more entitled to the sympathetic consideration of this house than those who are blind. Unless the government has some insurmountable reason for deferring action upon the resolution or not supporting it in a financial way or otherwise at this particular time, I feel it my solemn duty to give it my hearty support.

Mr. E. J. POOLE (Red Deer): In rising to support this resolution I fail to see why there should be a debate on a question of this kind. I believe that, after all, the number of people affected is approximately 3,400. What I do not understand about the resolution is the age limit which is contained in it. I cannot understand why a man forty years of age is in any different situation from one twenty-four years of age; if they are both blind they are both incapacitated.

I was reluctant to speak to this resolution, because I thought it would pass the house without question. But I noticed that again the same old ghost was walking the floor of the House of Commons; I noticed that the question of dollars and cents was again brought in, that we should like to do something and we all sympathize with the unfortunate blind people but we wonder whether the Minister of Finance (Mr. Dunning) can get the money. It is only a few days since the hon. member for East Kootenay (Mr. Stevens) was telling of thirteen men who have accumulated a vast fortune from industry, from the association of the people of Canada and their ability to produce and consume goods. Surely if that is true we are bound to look after 3,400 people

who have no more opportunity of competing in the labour market than the birds of the air or the animals of the forest.

Again, we are told that we are paying $140,000,000 interest on our debt. Of course, that is a sacred contractual obligation, but when it comes to paying pensions to blind people, Canadian citizens, we will feed them with sympathy. I often wonder, Mr. Speaker —I certainly have done so since I became a member of parliament—why we do not put a padlock on the door and bring in the bankers of St. James street and let them run the business of government, because, no matter what question we bring up here, whether it be unemployment, or relief, or social services, it makes no difference—you cannot do anything because you have no money.

I hope that the radicals in the Liberal party will make their influence felt on this occasion, remembering that a precedent has already been established by the last government in a grant of $50,000 to this institute for the blind. They saw the necessity of this; the people of Canada see the necessity of it. There is nothing to stop the Liberal government from giving these people a standard of living comparable with the ability of the Canadian people to provide a living for them.

After all, what do these people want? It is not money; it is food, clothing and shelter. And when you say you cannot provide it you are saying in so many words that we cannot produce it. It is hardly consistent. You find, on the one hand, machines and solar energy that are not utilized, and, on the other hand, thousands of unemployed people walking the streets. I think we have made a ghastly mistake in the last five years in elevating the question of money and submerging the economic question. Money is nothing but a ticket; if you have the goods you can always manufacture the money. I believe it would be a good stand for this government to take at this time, to say to the blind people: We will begin with you, by giving you that which is coming to you.

Mr. VITAL MALLETTE (Jacques-Cartier): Although I am the first member from Quebec to take the floor with regard to this resolution, you must not think, sir, that we are not interested in it. On the contrary, I am quite convinced that the entire population of the province is fully in accord with the principle of the resolution presented by the hon. member for Wood Mountain (Mr. Donnelly). According to the right hon. leader of the opposition there are legal difficulties in the way, but those legal difficulties could probably be overridden by a special act dealing with blind people alone. On the other hand, if I correctly understood Mr. Taschereau in the last campaign, there was a promise that old age pensions would become effective in Quebec.

The sentiments of generosity and of social justice which animate the deputation from all over Canada could hardly find a more magnificent and practical expression than through the adoption of this resolution. Since the opening of the present session many legislative proposals have been submitted to this house, all tending to improve conditions in Canada, but I doubt if there is one that has more merit than the one now under consideration by this house. No doubt, in view of the sentiments, so well known, of this chamber, there is no reason for my making a very long address on this subject, but I feel that I should express my sincere sympathy with the cause, especially because the riding which I have the honour to represent in this parliament contains the only French Canadian Catholic institution devoted entirely to the cause of the blind. I am referring to the Institut Nazareth, which is undoubtedly very well known to members from the district of Montreal and from other parts of the province of Quebec, as well as, no doubt, to those people in Canada who are taking a national interest in the welfare of the blind. This institution, which is now located at No. 4565 Queen Mary Road in Montreal, was founded in the year 1861, thanks to the generosity of a Sulpician priest, l'abbé Rousselot, a member of the seminary of Montreal. This institution has been managed ever since its foundation by the Grey nuns, whose devotion I will not try to describe, because it would be impossible. There are at the institute about forty nuns and a staff whose devotion is extreme to help the blind—their blind, as they call them in a sort of maternal way. On December 31 last there were in the institute 232 blind people of divers ages and conditions, and when one wishes to know how the good nuns manage to make both ends meet in an institution of that kind—well, they simply do not make both ends meet; they are able to give help and comfort and everything that can be given to their blind boarders, but when it comes to balancing the budget that is an impossibility. For the year ended June 30, 1935, they were short almost $61,000, and for the year ended June 30, 1934, the shortage was almost $66,000, and this after very generous grants by the provincial government as well as help extended by the public at large, by different organizations of ladies and gentlemen who hold parties, banquets and so on to raise funds and who also give very generously from their private purses. Last year the total ex-

penses were over $120,000, more than $10,000 per month. When I asked the lady treasurer yesterday what she proposed to do to meet these deficits and where she would get the funds, she said that for the time being she relied on providence and on pensions for the blind being introduced. No doubt to rely on providence is a very magnificent act of faith, but I should like to see something more practical, so I do hope pensions for the blind will be in effect before very long.

Of the blind themselves there is not very much I can say that this house does not know very well already. When a blind person is brought to this institution or any other, at first the board is paid regularly. That goes on for some months or perhaps some years. Then the payments begin to get smaller and more intermittent, until one day there is no payment forthcoming at all, and after that the poor blind person is left entirely to the resources of the institution, which means that he is more or less brought down to the level of a beggar. We can imagine the obstacles which must be overcome by the blind in instructing themselves, whether in school education or in learning a trade. In addition we must remember that the work that can be done by blind people is very limited. Generally they manufacture baskets and things of that kind, but they have to work much more slowly than other people who can use machines, and as a result the cost of the articles so produced is so high that they cannot be sold at a profit but must be sold at a loss. There is a store in Montreal kept open purposely for this business. I am told that it brings in a little revenue during the holiday trade but that during the rest of the year it might as well be closed. Blind people are quite successful in music, and it was suggested to me that perhaps an effort might be made by parish authorities all over the dominion to reserve for the blind the work of playing the organs and pianos in the churches. Perhaps the radio commission could help; possibly those business houses who put special programs on the air could employ the services of the blind, because they can put on some pretty good programs, and that would be something very practical indeed in the way of helping them.

These blind people, naturally, have their pride; they want to earn their living and they do not want to be reduced to the level of beggars. I have been told another very astounding thing, that many of them want to get married and establish homes. I think that proves conclusively, once and for all, that love is blind. The depression has affected everyone, of course, but none more than it has affected the blind. They relied on the help of people with large incomes, but these large incomes have dwindled away to nothing and now they find themselves without help of any kind. I am told also that when a blind person reaches the age of forty there is usually no one of his family left to look after him. During his younger years his relatives will likely have lighter family burdens and therefore will be able to subscribe generously in order to help their blind brother. After these blind people reach the age of forty, however, generally their fathers and mothers are dead, their brothers and sisters have gone away, and they are left dependent upon public charity.

Yesterday, when discussing this question with the authorities of the Nazareth institute I was asked if there was any possibility of these pensions being granted this year. Not wishing to encourage false hopes I said I had strong doubts. I felt confident that the house would support the resolution brought in by the hon. member for Wood Mountain (Mr. Donnelly), but I did not know whether or not the government could put it into effect this year. The good sister said to me, "Well, Mr. Mallette, if we had gone to the government in 1930 we would have been told that they could not afford it, and since then we understand the country has gone into debt to the extent of about one billion dollars, so probably we will get the same reply now." When the provinces come to seek help from the federal government—and get it—why is it that a small minority of deserving people cannot get some financial assistance? Frankly I cannot understand it. To me it seems that in some way or other we should be able to adopt this resolution and put it into effect.

The discussion to-day has been of such a high order that, while I know it is impossible, I wish it could be printed in Braille so that the blind might know that from the Prime Minister (Mr. Mackenzie King) and the right hon. leader of the opposition (Mr. Bennett) down to the humblest member they have nothing but friends in the Canadian House of Commons.

Mr. CAMERON R. McINTOSH (Battleford North): Mr. Speaker, may I be permitted to make one or two observations in connection with the resolution now before the house. Last year a similar resolution was moved in this chamber, reading as follows:

> That, in the opinion of this house, the provisions of the Old Age Pension Act should apply to blind people over forty years of age.

Perhaps a word or two might be necessary in connection with the action taken on that

resolution, which, after a brief debate, was passed on to the standing committee on industrial and international relations. Having been a member of that committee not only during last session but during the last ten years, I can tell hon. members that the resolution was considered quite fully and quite sincerely by that committee. Many submissions were made, and after they were analyzed a report was submitted to this house. Hon. members who were in the chamber at that time will remember that the committee reported favourably on the resolution. Every member of the committee was in favour of it, but it was pointed out that if the resolution was adopted and legislation introduced based on that resolution, such legislation would apply to only seven provinces out of the nine. Two provinces, Quebec and New Brunswick, would be excluded from the operations of the legislation, and as a result practically one thousand blind people in those provinces would not receive any benefit. Because of that limitation a difference of opinion arose in the house during the debate. The division of opinion was along this line, that because of the limitation of the resolution some hon. members were for bringing down a special bill. In fact a special bill sponsored by the government was strongly supported by the house. In that way the resolution, although supported by the committee, was not referred to the committee again. The debate was adjourned, the matter left to the government, and no action was taken.

This afternoon we have before us a resolution presented by the hon. member for Wood Mountain (Mr. Donnelly), practically the same resolution as last year. The resolution means we are back at the same place as a year ago. Here we have another case of history repeating itself. From the debate this afternoon I am convinced that practically all hon. members, new and otherwise, are in favour of this resolution. The work of last year has thus gone on, public opinion has been forming, and to-day we have this house almost unanimous for action. This year's resolution reads:

> That, in the opinion of this house, the government should consider the advisability of extending the provisions of the Old Age Pension Act to blind people over forty years of age.

If the government adopted that resolution it would only partly meet the need. It would meet the need of those over seventy; it would meet the need of those between forty and seventy, but it would not meet the need of blind people under forty years of age. Consequently the government are faced with this situation: they know that if legislation were enacted in accordance with this resolution the cost involved would be only part of what will be required to meet the problem of the blind in the next few years in Canada. I believe that actuarially for this year $150,000 would be required, the next year about $350,000, and the next year practically half a million. So that half a million dollars will be required to meet the needs of the blind between the ages of forty and seventy, and then we have over two thousand blind people under forty. So, as I said, we have arrived at the stage we were at last year.

I do not think it is necessary to have this resolution referred again to the committee on industrial and international relations. The committee thoroughly analyzed the situation last year and reported in favour of the resolution, and it is not necessary to have that same work done again. What does that mean? It means that the resolution is before the house and the government, and we shall have to leave it with the government knowing that the government is sympathetic, that the finance minister is sympathetic, and that the situation will be dealt with by legislation as soon as possible. Nothing more can be done, because the government is the only power that can deal with this resolution and get the money to meet the problem that confronts this chamber in regard to the blind in Canada. The best we can do is commend the matter to the initiative and action of the government and to the good will of the finance minister, and knowing that the government is wholly favourable, we can look for action as soon as it is possible financially—at the earliest possible moment. More than that I would not say. It is not necessary to tell the government that they can get the money if they adopt new and fanciful financial policies. That is not our business as members of the house; that is for the initiative and vision of the government. After the government fully consider the resolution I believe we shall find in a short time that pensions for the blind will be operative in Canada.

Mr. H. C. GREEN (Vancouver South): There is very little that I can add to the discussion on this resolution, but there is one material feature which should be brought out, and that is the efficiency with which work for the blind has been carried on in Canada during the last ten or fifteen years, perhaps longer. That is a material point, because the leaders of the blind come before this parliament to-day as a group who have done efficient

work. I suggest that these men have done all that could possibly be done, and they are now up against a blank wall.

I should like for a minute or two to deal with the work of some of these men. It has been my privilege to see some of them at work. First I should like to mention Captain Baker. Captain Baker lost his sight during the war. He was a promising young engineer, a graduate of Toronto university, decorated for gallantry in the field, and one night he was shot across both eyes and blinded. From that time to the present his life has been an epic of courage and initiative, a life that in times to come I think will be looked back upon by the Canadian people as outstanding in his generation. Captain Baker, like most of the blinded soldiers, was trained at St. Dunstan's in England. When he came back to Canada he took charge of work for blinded soldiers; then he took over work for all the blind in Canada. He is now managing director of the Canadian National Institute for the Blind, and probably one of the leading younger executives in Canada to-day.

Captain Baker has been able to draw around him several other leading young men, for instance, Mr. Harris Turner, who although blinded overseas was at one time leader of His Majesty's loyal opposition in Saskatchewan; also there is Mr. Myers, and we have in Vancouver M. C. Robinson, superintendent of the western division of the Canadian National Institute for the Blind. Mr. Robinson was blinded overseas at the age of nineteen, and his work and experience have almost duplicated that of Captain Baker. Then we have Joe Clunk, placement officer of the institute, an American, a qualified solicitor doing wonderful work; and we have the work of the Layton family in Montreal.

I refer to these men for this reason, that in all their work their main idea has been to help to make the blind people independent, make them feel that they are taking their share in the life of the nation. In addition they have tried to raise the morale of the blind. As many hon. members know, blind people easily become discouraged, and it is no wonder they do. These leaders of the blind have started social clubs; for instance in Vancouver we have a club known as the Nil Desperandum club, which might be interpreted as the Never Say Die club. By such means the morale of the blind has been greatly improved. Despite this able leadership and good work there is a class of blind people for whom little can be done, and they are the ones for whom we are asking help to-day, the blind over forty years of age. These older blind folks are in many cases not active enough to work for wages; the majority of them have not the initiative to run concession stands, or carry on a business of their own and are really unemployable; they are just stranded, and I would suggest that the government could very well extend the provisions of the Old Age Pensions Act to cover these people.

The Old Age Pensions Act is particularly suitable because under its provisions only those blind people who are not earning a certain income would get assistance, and it would throw a portion of the burden on the provinces, which, while perhaps not so good for the provinces, would ensure their checking very carefully every application for a pension.

I personally am convinced that if we in the parliament of Canada adopt this resolution we shall be expressing the sympathetic feeling of Canadians generally for the blind and carrying out the wish of an overwhelming majority of the people of our nation.

Mrs. MARTHA LOUISE BLACK (Yukon): Mr. Speaker, it is not my intention to say very much on this question because so much has already been so ably said. We all know that the minister who will have the spending of this money is sympathetic and will do his best, but when we read that there are men and women deprived of their sight who, because of lack of clothing, because of lack of health, are absolutely unable to leave their homes, it is enough to tug at the heart-strings of every man and women in this country. Private charity is called on to the utmost of its capacity, and we have to come to the government with our hands outstretched. Governments give money for raising the standard of grades, for raising the value of stock, and surely in some way the Minister of Finance (Mr. Dunning) can find a little money to help these blind people.

For fifteen years past I have sat in the gallery of the house and it has been borne in upon me more and more that if you really want help; if you really want to be assisted, you have almost to commit a crime. If you do murder, if you commit a theft, you are taken care of; you are fed and clothed and kept warm; but if nature commits a crime against you, it is sometimes very difficult to get help, and so in all sincerity I ask the government to consider what they can possibly do for these poor people.

Mr. R. E. FINN (Halifax): Mr. Speaker, I feel it not only a privilege but a duty to say a word in support of the resolution that is now before the house. Coming as I do from the city of Halifax where we have an institution for the blind, and having passed it on my way to the city almost every day

during twenty-five years of my life, I have seen many young blind boys and girls there; I have watched them grow up still in the same condition, and I have seen them later on in the evening of their lives almost forgotten, unattended, and having to be helped across the street by a stranger. We whom Almighty God has not so afflicted have an opportunity of seeing Him in the beautiful works of nature, but those who have been deprived of their sight have not that great compensation, for after all one of the finest things in life is to look out and watch the sun go down surrounded by tints of amber and gold. That is denied to these unfortunate people, and this resolution is but an evidence of our sympathy with them in their affliction.

I am not a member of the medical profession, indeed hardly one of the legal profession because nearly all my life has been spent in politics, but in my journeys I have observed that a large percentage of those afflicted with blindness do not live to the sere and yellow leaf. They pass off the scene before the allotted span, and if they do not, they might almost as well, because they are in many cases unnoticed as the rest of the world go by.

I would urge this one point, that these blind people as they grow older require care and attention; that they need to get out into the wide open spaces, to inhale the fresh air, and perhaps to hear the sea rolling in on the sandy beach. They may not be able to do all this unaided, but with the little pension that is proposed in this resolution they would be provided with funds which would make more enjoyable the evening of their lives, and I think parliament and the government would not have to strive very hard to find and place in the estimates a sufficient sum to care for the blind of this dominion from the age of forty upwards.

I cannot agree with the hon. gentleman who spoke a few moments ago and who said that the blind should be assisted from an early age, because it is always well to make a humble start. If we look after the blind from the age of forty upwards until they are called to that bourne from which no traveller returns we shall be doing much for that class, and then later on public opinion might be such that the government would be warranted in appropriating a larger amount to take care of the class on whose behalf the hon. member for North Battleford (Mr. McIntosh) spoke.

My only reason for rising to speak to-day is that I am interested in any person or class of persons who suffer from any disability or have been deprived of the use of some of their senses which are necessary to enable them to go through life happily and successfully. Having seen the Institution for the Blind in the City of Halifax and noted the good work that is being done there, I am sure that the passage of this resolution will cheer the hearts of those who will benefit under this proposal and also of those who are assisting in looking after the blind. Therefore I have much pleasure in supporting the resolution, and I hope, Mr. Speaker, that the government led by my right hon. leader (Mr. Mackenzie King) and the Minister of Finance (Mr. Dunning) will be able to find a sufficient sum to place in the estimates to make a modest start so that the blind may see that a studied interest is being taken in them by hon. members of the house and by the government. I am sure that they will appreciate this and it will give them the thought that perhaps, after all, life is worth living.

Mr. J. P. HOWDEN (St. Boniface): Mr. Speaker, I have not very much to say to-day, but I should not like to let this opportunity go by without expressing my sympathy with and hearty support of this resolution. Actually there is no opposition which could be brought against this resolution, and my purpose in rising would be rather to state that I do not think the resolution goes far enough. I think we should do something more than provide pensions for the blind. Last year this thought was expressed most excellently by the hon. member for Comox-Alberni (Mr. Neill). It is quite true there are many blind people who are helpless, some being invalids as well; it is true there are others who have reached an age where there is no possible chance of their being educated for anything, but on the other hand there are many able-bodied, intelligent blind men and women who could be educated and given something to do. It has been proven beyond question that blind people can produce the most excellent basket work, brooms and other things of that sort. I know of a young fellow who lost his eyesight in the war and who is now a skilled masseur in Toronto where he is earning a very good salary. The fact that a person has lost his eyesight does not mean that he should be helpless and hopeless for the rest of his life. A helpless blind person is the most helpless person possible, but there are many who are able-bodied and who, if given an opportunity, could provide for themselves. I certainly think the government should provide that opportunity by way of education and the provision of employment.

The mover of the resolution (Mr. Donnelly) discussed the definition of blindness. I believe a blind person should be considered as one who has not sufficient sight for the ordinary purposes of life. Whether he has half sight, whether he is totally blind, or whatever degree of sight he has, this should make no difference so long as he is unable to carry on the business of life. When he is in that condition he should be classified as blind. I think pensions for the blind should be national in scope. As was pointed out by the hon. member for Lisgar (Mr. Winkler), the provinces are called upon to educate all blind persons up to the age of twenty-one years. If the provinces have this burden upon their shoulders, surely the federal authorities should undertake the other forms of relief.

I do not know that I have anything further to say. Every hon. member owes a duty to the blind people of Canada to speak in this house on their behalf. It is the business of the government to find the money to provide pensions for the blind; it is our duty to support them in their hour of need.

Mr. W. M. RYAN (St. John-Albert): Mr. Speaker, I should like to say a few words in connection with this resolution. I want to congratulate the mover (Mr. Donnelly) upon the splendid way in which he has presented his case and also upon again bringing this matter to the attention of the house. I am in hearty sympathy with the spirit of the resolution. However I think it is unfortunate that the resolution should be taken as a means to launch an attack upon the bankers of this country. I do not happen to have the good fortune of knowing any of the gentlemen in St. James street and I hold no brief for them, but I do not think there is anyone in the dominion, no matter what his calling may be, who is not heartily in sympathy with this resolution. If the government brings in legislation giving effect to the resolution, I for one will support it so far as it is possible for me to do so.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, I do not intend to detain the house very long, but I want to bring to the attention of hon. members the situation in which we find ourselves as representing this dominion. Every hon. member who has spoken to-day has endorsed the principle of this resolution. They agree that those who have been unfortunate enough to lose their sight are deserving of some assistance from their more fortunate fellow Canadians. It is admitted that something should be done at once, but nearly every hon. member who has spoken has brought up the question of where the money is to come from. As I listened to the speeches of hon. members I was reminded of David Copperfield. In that book mention is made of a person who was trying to write a history but who could not get around King Charles' head. It kept coming up and coming up. This problem of where to find the money keeps coming up in connection with every proposal made in the house. It is agreed that it is desirable to do something, but the contention is that we have not the money. We all know that if we were faced with war the necessary credit would be forthcoming. Great Britain considers that she is faced with the danger of war and she is able to make an immediate appropriation of $1,500,000,000. We know that if Canada were in the same danger we would have no difficulty in finding the necessary credit to carry on any defence plans deemed necessary.

The hon. gentleman (Mr. Ryan) who has just spoken has indicated that this resolution has been used by some hon. members as an excuse to make an attack upon the bankers. I think the hon. gentleman has misconstrued the attitude of that increasing number of men who count themselves as monetary reformers. They do not attack the bankers as individuals; they attack the system which has grown up during the last fifty years. They do not suggest that the bankers are any less devoted than is anyone else to the best interests of society, but they do say that the financial system is not working in the best interests of the people. I would point out that some of the greatest economists in the world to-day have come to the definite conclusion that in the twentieth century we are trying to do business under a financial system that, while it may have done fair service in the nineteenth century, is just as much out of date to-day as is the ox-cart when compared with the motor car. I hear member after member say that the financial system is too complicated for parliament to deal with, but I suggested that if they really want something done along the lines which have been just suggested, they should devote their study to the financial system and the banking policy.

It is a well recognized fact that the country is continually going deeper into debt. If we could not afford to do a certain thing last year, there is not much hope of our being able to afford to do it this year and there is less hope of our being able to afford it in the future. We are willing to speak soft words on behalf of and offer sympathy to the blind, but we have not the money to do anything for them. This reminds me of a certain saying in the bible: They asked for bread and he gave them a stone. It reminds me of the

parable of the loaves and fishes at the time when the multitude were to be fed. The question was asked where the money was to come from, but the multitude were fed with bread and fish without money coming into the question. We as a deliberative assembly must devote ourselves to finding ways and means of doing what is physically possible, regardless of whether the financial system as at present constituted stands in the way. If we do not do this we are not doing our duty to the people of Canada.

What these blind people need is food, clothing and some of the other good things of life. If the financial system does not permit us to do those things which we as a Christian people realize we should do, which we know we have the ability to do, then it should be changed. If we refuse to study this problem can we say that we are as serious as we should be in our desire to do something for these people? That is the question I put to the house. This is the test that faces this House of Commons. Do we really mean these things? Do we want to have them done? If so, let us begin to study some of the ways suggested by the greatest economists not only of the English-speaking nations but of the world. Let us begin to give serious and sympathetic consideration to those suggested ways and means whereby in this twentieth century we may go forward and place at the disposal of these blind people the things that it is physically possible to put at their disposal. The things that are physically possible should be financially possible, and if under our present system they are not financially possible, although physically possible, then we are subordinating the best interests of the people to adherence to a system; we are refusing, by our adherence to an outworn system which no longer serves humanity to the best possible advantage, to benefit by the abundance which providence has given us. I am not now advocating any particular change in the system, but I know that every hon. member present would like to do something for the blind as well as for others who are unable to look after themselves. As the hon. member for Saskatoon (Mr. Young) has said, fifty-four per cent of what we raise in taxation is going towards paying interest on our debt. That is where the money is going and it is in that quarter that we should direct the searching gaze of parliament to find out whether we cannot there save money and thereby serve the best interests of the Canadian people.

Mr. W. H. MILLS (Elgin): I cannot allow this opportunity to pass without saying a word in favour of the resolution, but before I speak to it, as this is the first occasion on which I have addressed the house during this session, I should like to congratulate you, Mr. Deputy Speaker, and the Speaker, upon your elevation to the respective offices which you hold, and I would also congratulate you, sir, upon the order which you maintain.

Just a word in reference to the resolution. I have seen a good deal of the work done by the unfortunate blind and it is truly wonderful to view their accomplishments. But in these times when there is so much competition in all lines it is very hard for these people to find anything to do to earn their living. People who bocome blind at an advanced age are particularly unfortunate in this respect. During my campaign I met a man who had become blind at the age of sixty-four. He was married but had no children. He had nothing saved up and it was necessary for his wife to stay at home to look after him. Apart from the little relief provided by the municipality, they are entirely dependent upon the kindness of neighbours. The question is: Where is the money to come from? But it seems to me that we have money for many other purposes; many other grants are made, and I do suggest that people who are blessed with their sight owe something to their less fortunate brethren.

Hon. CHARLES A. DUNNING (Minister of Finance): It seems to be my lot these days to meet deputations and to hear representations both in the house and outside it asking for one of two things, either more expenditure of funds from the public treasury or a reduction in the taxes which contribute to the public treasury. I suppose there is not a member in the house but is favourable to the principle of the resolution now under discussion, and I dare say that anyone who advanced the slightest argument against it from the standpoint of national desirability would be subject immediately to the accusation that he was placing property rights ahead of human rights. The debate however has been on a very high plane with the exception of the contribution of the hon. member for Red Deer (Mr. Poole). I would suggest to him, with all respect, that if he has such a low opinion of this house of which he is a member there is one chamber at all events which is controlled by the members of his own party, and in connection with which there is no doubt whatever as to constitutional authority to deal with this matter; and I suggest that, lacking faith in this chamber and in this government, he might well address himself to that chamber which unquestionably has authority to deal with matters such as this.

And that brings me to this: The discussion which has taken place to-day would have been virtually impossible in this chamber twenty years ago for the reason that until quite recent times it was assumed, and properly so, that responsibility with respect to measures such as that contemplated by the resolution was provincial in character. All down through the years from confederation on the provinces of Canada had assumed responsibility for all such matters, for dealing with property and civil rights, for dealing with all matters of public charity; and indeed we recognize still that the dominion is merely a contributing factor towards what is really a provincial responsibility in connection with the old age pensions legislation presently on the statute books. There has been in the last twenty years a change to such a point, as the leader of the opposition (Mr. Bennett) indicated, that the dominion is now contributing seventy-five per cent of the cost of old age pensions to the provinces, a recognition of a fact which is inherent in our constitution, that such responsibilities are first of all provincial.

The provinces have all down through the years recognized their responsibility with respect to the very matter now before the house, because they have set up institutions for the care of the blind and their education as well as for the care and education of various other classes of disabled people. I am not seeking on behalf of the government to put aside this question on constitutional grounds, because rightly or wrongly parliament has embarked upon the principle of assisting the provinces with respect to matters which are clearly within provincial jurisdiction. But when we hear remarks such as those which emanated from the hon. member for Red Deer I think it is well to point out these considerations.

The hon. member for Wood Mountain (Mr. Donnelly), who introduced the resolution, made, I think, an admirable presentation, and with regard to the point I have just mentioned I might call his attention to a statement he made. He said that in the United States many states grant old age pensions. The United States is a federal country, similar to Canada. In the United States the federal authority has not yet assumed any responsibility with respect to pensions for the blind.

Mr. HEAPS: May I ask the hon. minister whether it is not true that the United States, in the new security acts recently enacted, are assuming the responsibility?

Mr. DUNNING: What acts?

Mr. HEAPS: Social security acts of the United States, passed this year.

[Mr. Dunning.]

Mr. DUNNING: Well, I am not familiar with any recent enactment by which the federal authority in that country assumes any responsibility. In any event I am quite sure that such an assumption of responsibility would be in the same manner as is here proposed.

Mr. HEAPS: Yes.

Mr. DUNNING: That is, by way of contribution to what is recognized as a state responsibility.

An hon. MEMBER: Dollar for dollar.

Mr. DUNNING: Dollar for dollar, yes. I just wish to make that point because of the fact, if I may be permitted to say so, that parliament has now sufficient to do in finding the necessary funds for those activities with which by the constitution it is charged. We want to be generous with respect to humanitarian objects of all kinds; we want to be generous by way of contributions to the provinces, I know; but is it not our first duty to look after those matters with which the constitution of this country charges this parliament?

With respect to the matter of age, I am not at all convinced that good arguments or particularly sound reasons have been advanced for setting it at forty. In England, I believe, the age is fifty; in Australia, some one said—the member for Wood Mountain, I think—that the age is sixteen; and if I look at the matter through the eyes of the finance minister I must of course regard age forty as merely the entering wedge. We all know perfectly well that in estimating future financial requirements one cannot possibly take age forty as the basis, because obviously there would be demands from time to time that the age provision be modified on account of what could easily be advanced in cases of people of thirty-five, thirty, or twenty-five years who were at least equally needy with those whose age exceeded forty.

I have on record from some of the blind organizations some objections to provision for the blind being made a part of the old age pension legislation, with, instead, the request that separate provision be made for the blind—I presume as a federal responsibility. I doubt very much if we can approach the matter from that point of view because of what I have been saying with respect to the responsibility of the provinces in connection with the question.

That brings me of course to a consideration mentioned by many speakers, that so far two provinces have not come within the ambit of the old age pensions legislation, and

consequently, if the blind are added to that legislation, their receipt of pensions would be dependent upon the entry by the dominion into agreements with all the provinces with respect to the payment thereof. The hon. member for Rosetown-Biggar (Mr. Coldwell) made some suggestions as to the manner in which further revenues could be raised; he made suggestions of an interesting character. The liquor monopoly in Sweden was held up, I think, as a model for the extraction of money for governmental purposes from a monopoly, and I think the figure of $50,000,000 was mentioned. Well, I just turned over in my mind the amount of money which the governments of Canada, dominion and provincial, are now extracting from the liquor traffic, and from the standpoint of extraction I do not think we have anything to learn from Sweden. As to the method of extraction there might, of course, be some point to my hon. friend's remarks, but I am quite sure that with reference to the amount of money we can show the Swedes a few things at the present time.

Every question of this sort of course renders possible, although I think it is of doubtful order, a discussion of credit. But may I point out that this is not a question of credit at all. This is a question of extracting from the people of Canada each year money to spend on some of the people of Canada. It is not a question of borrowing the money; it is a question of taking it from all of us to give to some of us. No question of credit is involved at all. From year to year we must go on raising from all of us that which we spend either on all of us or on some of us. That is not a question of borrowing. No question of creating money alters the fact that we tax ourselves as a people for the discharge of our public services. I shall not pursue that question further. There will be other opportunities when I shall be much more in order than I am on this resolution to discuss matters of banking and credit.

On behalf of the government I can say that we shall, as this resolution requests us to do, consider it very carefully. We are favourable to it. The practicability of immediate action, of legislation at this session, is very doubtful, however; in fact I should not like to hold out hope that there will be legislation this session implementing this resolution. The government has given it consideration and that is the conclusion of the government at the present time. Naturally I should prefer to say immediately—it would be nice just for once to be able to say—yes, instead of having to say no to almost every request either for greater expenditure or for lower taxation. But I can only repeat what I said on a former occasion. The government believes that at the present time we require to keep a very tight hand with respect to new commitments, and therefore I cannot hold out hope to the house that we shall propose legislation at this session regarding this matter. While acknowledging the desirability of assisting in the discharge of provincial responsibilities with respect to it, we do not feel justified, in view of the state of the country's finances, in promising to do so at this session.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, I was taking it for granted that every member of this chamber is in favour of the resolution. I also took it for granted that it would pass, and that the government would see that provision was made to take care of our blind. I had no intention of rising until I heard the remarks of the hon. Minister of Finance (Mr. Dunning). I received a telegram this morning from the Institute for the Blind at Winnipeg asking me to support the resolution. I want to say that I am supporting the resolution and believe that the money should be found to take care of our blind people.

An hon. MEMBER: They can find it for brass hats.

Mr. LEADER: I did not intend to go into the monetary question at all or to say anything about the huge taxes that the people of this country pay in regard to interest rates, but I want to say something along the lines of economy in administration. Every party in the election last fall had that as a plank of their platform; they were pledged to economy in administration. I suggest to the Minister of Finance that the cost of administering the high commissioner's office in London has doubled in the last four years; that it now costs the taxpayers of this country over $500,000 a year to maintain that institution, including the $250,000 that is spent for advertising purposes. I want to point out that two or three years ago the taxpayers had to pay for a $200,000 building that was erected in Tokyo, Japan. There is no doubt that we can save hundreds of thousands of dollars, yes, millions of dollars in the administration of this country if we only apply ourselves to doing so. If one goes through the auditor general's report, as I have, one will find that in the last five years we have paid out nearly $18,000,000 in travelling expenses. I mention these things just in order to show how we could save a paltry $300,000 to take care of

our sightless people. I have nothing more to say, Mr. Speaker, except that I am supporting the resolution and I am very sorry indeed that the government cannot find the money with which to meet this request.

Motion agreed to.

RETIRING ALLOWANCES

PROPOSED CONSIDERATION OF ADEQUATE ALLOWANCES AT AGE SIXTY AND OVER

Mr. A. A. HEAPS (Winnipeg North) moved:

That, in the opinion of this house, the government be requested to take under immediate consideration the question of granting adequate retiring allowances to Canadian citizens of the age of 60 years and over.

He said: I have no desire, Mr. Speaker, to continue the debate on this subject which was carried on in this house for almost two days only a few weeks ago. I know already the attitude of the Minister of Finance (Mr. Dunning) in this connection; he asked his supporters to turn down a similar resolution. So it is my intention at this time to allow the matter to drop, but I wish to notify the house and the government that at another session of parliament we shall have on the order paper a similar resolution which we hope will receive more sympathetic consideration on the part of the government than was the case this year. Judging from the vast amount of correspondence I have received during the past two or three weeks there would seem to be a very strong, in fact, an almost overwhelming body of sentiment throughout the country in favour of pensions at sixty. Now that we have introduced a resolution of this kind we will continue to bring in similar resolutions until such time as parliament lowers the existing age limit and grants higher pensions than are being given to-day.

With these few words, Mr. Speaker, I would ask the permission of the house to allow this resolution to stand or be dropped, with the hope of resurrecting it on another occasion.

Motion dropped.

MARKET GARDENING

SEASONAL TARIFF IN THE INTEREST OF MARKET GARDENERS

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation) moved:

That, in the opinion of this house, Canada should study the question of immediately adopting a seasonal tariff in the interest of market gardening, particularly during the months of April, May and June of each year.

He said: Mr. Speaker, it is with a deep sense of gratification that, after five years of absence, I find myself again in this house. However, I notice that a great change has taken place. The Conservative opposition lacks the exuberance and vigor of former days. For the first time we behold a powerful government elected by a majority without precedent in Canadian parliamentary history. The people of Canada are entitled to expect great things from this government; above all, the financial and economic recovery of the country, the revival of employment, and the improvement of the agricultural situation.

I wished to make these few observations before broaching the subject matter of the motion, which is closely linked with the agricultural progress of this country.

Mr. Speaker, the question which I propose to examine is of national import. From the answers made by the minister of Finance (Mr. Dunning) to inquiries which I submitted to him recently, it is obvious that every province in the dominion is deeply interested in market gardening. According to information supplied by the Minister of Finance, the Ontario counties of York, Simcoe, Essex, Middlesex, Hastings, Grey, Waterloo, and Huron are specializing to a greater extent in this market gardening branch of agriculture. In the province of Quebec, the counties of Beauce, Bonaventure, Témiscouata, Champlain, Lake St. John, are included in the list, and I owe it to the truth to add the constituency of Laval-Two Mountains, which it is my privilege to represent in parliament.

The counties of Jacques Cartier, Mercier and the former constituency of Laprairie-Napierville are by no means unconcerned with market gardening; nor is Terrebonne, and many other Quebec counties will, in a few weeks, be real gardens.

I shall quote the latest statistics indicating the land area devoted to market gardening in the province of Quebec and the value of crops produced thereon in the years 1934 and 1935. Statistics, as the poet says, are the thorns of speech, and they compel me to keep referring to my notes. In 1935, the area thus cultivated amounted to 44,010 acres, representing an increase of more than 2,000 acres in a single year. In fact, in 1934, the area covered was 42,000 acres. That short period thus showed an increase of five per cent. What was the value of the vegetables produced for marketing purposes in the province of Quebec in 1935? $6,297,000.

And in 1934? $5,601,000. We have there an increase of 12 per cent. These figures clearly show the economic importance of garden marketing to Canada. However, it must be borne in mind that the figures which

I have just quoted refer only to purely commercial market gardening. If we further take into account the substantial contribution made by home gardens, we find in that interesting analysis unsuspected sources of wealth.

Let me now draw the attention of the house to a comparative statement of the different products of market gardening for the years 1935 and 1934, which I desire to have recorded in Hansard.

Marketing Gardening—1935-1934

	Acres 1935	Acres 1934	Unit (1)	Total crop 1935	Total crop 1934	Total value $ 1935	Total value $ 1934
Beets	2,200	2,100	B	814,000	693,000	334,000	298,000
Carrots	1,200	1,200	B	444,000	475,000	155,000	185,000
Celery	530	480	D	869,000	864,000	443,000	372,000
Cabbage	2,600	2,600	B	728,000	884,000	226,000	301,000
Cauliflowers	650	650	B	98,000	130,000	82,000	104,000
Cucumbers	1,900	1,900	B	266,000	266,000	146,000	154,000
Beans	2,700	2,600	B	378,000	302,000	374,000	332,000
Lettuce	1,100	1,100	D	1,496,000	1,485,000	434,000	297,000
Corn	11,000	10,500	B	1,166,000	1,050,000	758,000	546,000
Onions	2,300	2,100	B	610,000	500,000	555,000	400,000
Green peas	5,200	5,000	B	364,000	290,000	400,000	235,000
Tomatoes	6,200	6,000	B	1,860,000	1,962,000	1,135,000	1,717,000
Strawberries	3,500	3,100	Q	6,160,000	5,890,000	524,000	530,000
Raspberries	1,590	1,500	Q	2,544,000	2,250,000	331,000	304,000
Other vegetables	1,340	1,260		.....	.....	400,000	366,000
Total	44,010	42,000		.....	.....	6,297,000	5,601,000

(1) B—Bushels. D—Dozens. Q—Quarts.

At the outset of my remarks, I referred hon. members to the answers made by the honourable Minister of Finance. Besides the provinces of Ontario and Quebec, several counties represented in this house by my honourable colleagues, are interested in market gardening. I may mention, among others, the counties of Queens in Prince Edward Island, Westmorland in New Brunswick and Lunenburg in Nova Scotia. As to the prairie provinces I might mention constituencies numbered 2 and 5 in Manitoba, 9 and 15 in Saskatchewan, 10 in Alberta, and 4, 5 and 6 in British Columbia. This enumeration brings home to me the fact that the vastness of our land gives rise to disadvantages, divergences of opinion, opposition of interests. Is that a reason for impairing the effect of a large investment? Indeed, can anyone say what market gardening in this country has entailed in the way of past sacrifices and hard labour? When we know that an undertaking is profitable, we stay by it; when we do not, we quit it. Too many of our people sometimes scorn our most valuable resources.

In these last few years we have witnessed the demoralizing spectacle of hundreds of thousands of our people subsisting on the dole. Why this degeneracy? Why this ruinous policy? Why this tragic anomaly in a rich country like Canada? Is it not largely due to economic nationalism? The present government has already taken steps to suppress this growing evil. It has demolished the barriers, and even now, as in the days of Laurier and King, the political horizon of the country begins to dawn with brighter hues.

However, in the discharge of this important duty of economic reconstruction, I am fully confident that the authorities will protect the market gardeners against any competition that may prove ruinous to them. Therefore, in the interest of Canadian market gardeners, I urge the establishment of a seasonal tariff during the months of April, May and June of each year. In urging this seasonal tariff, which is so important to agricultural progress, I cannot refrain from upholding once more the rights of the farming community, rights which have been ignored too long. At a time when the hardships and sufferings of a considerable section of the population induce the rulers of the nation to turn their eyes towards the land, it is essential to render all possible assistance to the farmers. The arduous task which they perform from daylight till dark should be generously encouraged by those who preside over the destinies of Canada. Agriculture must survive in this country. Our leaders cannot shirk the duty that devolves upon them to make farming more efficient, more profitable and more prosperous.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. LACOMBE (Translation): Mr. Speaker, when the house rose, at six o'clock, I was discussing the following resolution:

That, in the opinion of this house, Canada should study the question of immediately adopting a seasonal tariff in the interest of market gardening, particularly during the months of April, May and June of each year.

Having quoted statistics in support of my resolution, may I bring forward a few considerations of a general character regarding the needs of agriculture in Canada. For more than five years past, a most depressing term is heard on all sides. I will refrain from repeating it. It is synonymous of idleness, of inertia, of despair, of ruin. Let us oppose to it agriculture, the symbol of life, of tenacity, of wealth, in this country which is blessed with natural resources that many other nations might envy.

In closing my remarks, sir, I wish to say to the house that I am not moved by any petty interest; on the contrary, not only the county of Laval-Two Mountains, but every section of Canada is deeply interested in the establishment of this seasonal tariff. Speaking on behalf of a persevering, tenacious and hard-working class of people, I think I have shown to this house, ever imbued with a truly Canadian sense of justice, the rights of the market gardeners. As to the duties of our rulers, I feel confident that, as in the past, they will discharge them in the best interests of the country.

Firm action is required, especially in the domain of agriculture. Something should be done without delay to ensure a more generous and expeditious application of the Farm Loan Act. As soon as the practical working of the latter act is assured, the Farmers' Arrangement Act should be repealed, for not only does it affect property rights, but it exerts a demoralizing effect on both farmers and creditors. It has struck a fatal blow to the borrowing power of the farmers and has been a cause of apprehension to mortgage creditors, and even of anguish to small investors and widows who rely on the income from their investment for their maintenance. The act does not favour enterprise, but rather creates discouragement. I repeat, let us replace that nefarious legislation with the immediate application of a wider and more liberal Canadian farm loan plan.

Mr. WERMENLINGER (Translation): Mr. Speaker, may I ask the hon. member for Laval-Two Mountains (Mr. Lacombe) whether the resolution now before the house has reference to seasonal tariffs or to tariffs in general? I think the hon. member is out of order in so far as the last part of his address is concerned.

[Mr. Lacombe.]

Mr. SPEAKER: The hon. member may put a question but that is all.

Mr. LACOMBE (Translation): Mr. Speaker, I think I am quite in order, inasmuch as my resolution covers the whole field of agriculture in this country. I am grateful to the hon. member for his observation. I trust that he himself will soon have an opportunity to discuss the farming question in the house.

Before bringing these few remarks to a close, I wish to draw the attention of the house to the ideal of survival that we must attain in this country. Should we not, in the first place, apply ourselves to the development of our splendid country? In that commendable pursuit, can there be found a more fruitful endeavour than that of the farmer? The back to the land movement, the tilling of the soil, are so many symbols of contentment in these troublesome days.

Dark clouds are gathering over Europe; may God preserve us from a catastrophe worse than the last one. To war let us oppose the bulwark of agriculture, and may the statement made by the right hon. Mr. Mackenzie King in the last election campaign, be entirely confirmed. No outside interests, whether in Ethiopia or elsewhere beyond our borders, whatever may be their nature, are worth the life of a Canadian citizen. Let us go on cooperating towards the building up of our great country. These are my concluding words, sir, and in the discharge of this important duty towards my constituents, I trust that I have acted in the interests of the Canadian people and in a truly national spirit.

Mr. WERMENLINGER (Translation): Mr. Speaker, the resolution of my hon. colleague the member for Laval-Two Mountains provides for the establishment of seasonal tariffs. The concluding portion of his address in no way refers to the question, and I should like to have more definite explanations on this seasonal tariff, because we are to consider the question of a trade agreement between the United States and Canada.

Mr. LACOMBE (Translation): Mr. Speaker, I have nothing further to add, save to point out that in order to make a statement the hon. member should have at least invoked the rules of the house.

Mr. SPEAKER: Order.

Hon. GROTE STIRLING (Yale): Mr. Speaker, unfortunately I was not able to follow the speech of the hon. member for Laval-Two Mountains (Mr. Lacombe) to the full as I missed certain phrases which I was not able to understand, but I notice that he is appealing to the government to study the question of immediately adopting a seasonal tariff—I am sure the motion means a seasonal tariff, and not a seasonable tariff —in the interests of market gardeners. I assume that the market gardeners my hon. friend represents differ in no way, except perhaps in degree, from those in other parts of Canada, and certainly they are all looking to the immediate future with considerable anxiety.

The hon. member asks for a study of the method of applying protection through a seasonal tariff. I am not aware that a seasonal tariff has ever been tried in Canada. In theory it has been discussed at great length, and in theory I have always thought it would apply beneficially probably if those against whom we must use it dealt in prices which had some definite relation to the cost of production. But unfortunately that is not the case. Unfortunately the competitors whom we meet in our markets are selling their produce at prices which have no relation whatever to the cost of production. Their desire is simply to remove those commodities from their own markets.

It appears to me that if at this late date the hon. member asks this government to study seasonal tariffs, it must surely be that his market gardeners are entirely ignorant of the facts which present themselves to them at the moment, and the hon. gentleman himself must surely be entirely devoid of humour, for I cannot see how the government can study seasonal tariffs with any probability of satisfaction when the Canada-United States trade agreement is presently before the house and contains in the schedules attached to the agreement items which show that the time has gone by when it was possible for the government to consider seasonal tariffs with the idea of being of any assistance whatever to my hon. friend's market gardeners or any other.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, the hon. member who has proposed this resolution (Mr. Lacombe) will expect, I am sure, and quite properly, some statement on the part of the government with respect to it. Certainly Canada should study the question of a seasonal or a seasonable tariff. From my experience in the house it is very difficult to avoid studying the tariff in all its aspects as relating particularly to the commodities referred to in the resolution, commodities which are the product of the market gardeners of this country.

I scarcely agree with all the remarks of the hon. member for Yale (Mr. Stirling) as to the effect of the Canada-United States trade agreement on the question now before the house, but I shall not anticipate that discussion of its provisions which must take place in committee of ways and means. I can only say to the hon. member who has moved the resolution that certainly the government has studied and will continue to study the question he has brought before the house.

Motion agreed to.

CANADIAN WHEAT BOARD ACT

PROPOSED APPLICATION OF PROVISIONS TO OATS, BARLEY, RYE AND FLAX PRODUCED IN WESTERN PROVINCES

Mr. E. E. PERLEY (Qu'Appelle) moved:

That, in the opinion of this house, the provisions of the Canadian Wheat Board Act, 1935, should forthwith be made applicable to oats, barley, rye and flax produced in the provinces of Manitoba, Saskatchewan, Alberta, and British Columbia.

He said: In speaking to the resolution, Mr. Speaker, may I first of all say for the information of hon. members that representations were made last year to those in charge of the wheat board bill, and also to members of the committee to whom the bill was referred, that coarse grains should be included in its provisions. Strong representations to that effect were made on behalf of farmers and farmer organizations. Similar representations have been made this year by farmers and their organizations to myself, and, I believe, to the government also.

I might say that the Canadian Wheat Board Act provides for the inclusion of coarse grains after a recommendation has come from the board, followed by an order in council. Section 14 of the act reads:

> The governor in council may approve of the provisions of this act being made applicable to oats, barley, rye or flax produced in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia, if the board recommends that such approval be given, whereupon the provisions of this act shall mutatis mutandis apply to such kind of grain as they apply to wheat.

Certain reasons were advanced last year for not including coarse grains in the act, the chief reason being that there had not been any stabilization operations on the part of Mr. McFarland with respect to coarse grains.

During the last two weeks in June there was a very good prospect for a bumper crop of wheat in western Canada and as the board would not have any coarse grains, the committee thought it advisable not to ask them to handle those grains for the particular season of 1935. It was also thought that coarse grains would not be coming on the market in very great volume due to the fact that with the large wheat crop in prospect the farmers might be encouraged to withhold the marketing of their coarse grains in order to have a year's supply on hand, so to speak. It is well within the knowledge of everyone that that bumper wheat crop did not materialize. The prospect petered out in July as the crop had been struck with rust, and there was practically a complete failure of the wheat crop in the southern half of the three prairie provinces.

When the committee was considering this matter last year, it was also thought that if the coarse grains were left to the open market the grain trade might handle them in such a way as to get a fair price, with the possibility of their even boosting prices. It was, however, suggested to the committee by different parties that there was a danger in leaving the coarse grains out of the act. It was contended that if these grains were left to the open market the grain trade might boost the prices to near those received for wheat, especially if the price fixed for wheat was not much above the average. In this way the spread between the prices of wheat and coarse grains would be narrowed and it would appear that marketing on the open market obtained better results than marketing through the board. But what happened? The average prices received for coarse grains during the season of 1935 were almost the lowest on record. In parts of the constituency which I have the honour to represent, oats were selling along the Canadian Pacific railway at thirteen cents, fourteen cents and fifteen cents per bushel net to the farmer, on the street. Barley was selling at seventeen, nineteen and twenty cents per bushel. I think we are all agreed that those are low prices for these grains. In the southern half of Saskatchewan, and I think also in the southern half of Manitoba, hundreds of thousands of acres of wheat were burned and the wheat was not harvested. The farmers in those sections were forced to realize on their coarse grains. Barley and oats matured earlier and there was some harvesting of these grains. The farmers were forced to sell in order to realize something, but they did not get anything from their wheat. I should like to quote resolutions which have been passed by farmers' organizations in western Canada supporting the principle of this resolution. I quote from the Western Producer of November 21, 1935, which reports on a meeting of Saskatchewan pool delegates as follows:

> Among other resolutions bearing on marketing questions adopted by the annual meeting of Saskatchewan wheat pool delegates last week was one urging that the Canadian wheat board should consider handling coarse grains immediately establishing a fixed minimum price for this class of grain.

A meeting of pool delegates held in Regina from November 5 to 14, 1935, passed the following resolution:

> This meeting of delegates believes that it is in the best interests of the grain producers of western Canada that provisions be made for the operation of the Canadian wheat board for a period of not less than five years for the marketing of grain including coarse grains, and further that sections 9, 10, 11, 14 and 16 of the wheat board act should be brought into force by proclamation prior to the movement of the 1936 crop so that all grains shall be marketed through the board.

May I say that these two resolutions reflect the considered opinion of 100,000 farmers in Saskatchewan. The next quotation is a resolution passed at the annual convention of the Saskatchewan agricultural societies in session at Saskatoon in January. The newspaper report, which is headed "Agro societies want wheat board always," reads:

> Saskatchewan agricultural societies went on record at their annual meeting in Saskatoon last week as favouring the continuation of a wheat board. The decision was unanimous. Coupled with this resolution was another putting the societies on record as favouring placing of oats, barley and rye under the control of the wheat board also, and asking that a minimum price be placed on these coarse grains in a similar manner and comparative with that now placed on wheat.

I wish hon. members would note that that resolution reads "comparative with that now placed on wheat." The price set by the board on wheat, basis No. 1 northern, Fort William, was 87½ cents per bushel, and there is no doubt that that last clause was put in the resolution because the farmers realized that they were not getting for their coarse grains a price comparative with what they were receiving for wheat. I think it is important to bear in mind that what the farmers wanted was a comparative intrinsic value. The annual convention of Saskatchewan municipalities was held last week. From letters I have received I note that many delegates to that convention have been instructed by their municipalities to bring forward resolutions similar to the ones I have just read Since coming to Ottawa I have received many letters from farmers stating that they want some action in this connection.

I should like to give some figures with respect to the production of coarse grains as compared with wheat. I do not intend to burden the house with a lot of figures; I shall give the figures for just four years to show that the coarse grains have maintained their averages in production much better than has wheat. Of course this may be owing to the drought condition. At any rate, I will put on record the production for four years. In 1927 we produced 400,000,000 bushels of wheat and 250,000,000 bushels of coarse grains; in 1931 we produced 284,000,000 bushels of wheat and 240,000,000 bushels of coarse grains; in 1933 we produced 263,000,000 bushels of wheat and 228,000,000 bushels of coarse grains, and in 1934 we produced 260,000,000 bushels of wheat and 220,000,000 bushels of coarse grains. The coarse grains maintained their average of production possibly better than wheat did. In 1933 we produced 50,000,000 bushels of barley in the prairie provinces and in 1934 we produced 45,000,000 bushels. Those of course were drought years. Exports for 1933 were only 10,000,000 bushels of barley, whereas in 1932 we had one of our largest exports, about 25,000,000 bushels. We have never exported more than half the barley we have produced in the west, but there is every reason to believe that in the next few years we shall be exporting more of this kind of grain.

There is reason to believe that there will be an increase in the production of coarse grains. Under drought conditions more coarse grains than wheat can be produced. Coarse grains may be seeded later in a dry spring, because after it has become too dry for wheat, barley and oats as well, can be seeded, and a fair crop obtained. There is also the problem of soil drift to be coped with. Coarse grains can be seeded later in the spring after the drifting season is past. Then, in connection with cleaning lands, coarse grains are used to a considerable extent by farmers. There is no doubt that the farmers, after their experience of the last five years, will diversify their system in the west, and henceforward there will be a greater acreage seeded to coarse grains and less to wheat. The net price for coarse grains is of course ridiculously low; I have quoted some of the prices, and compared with the price of wheat the figures for coarse grains are low.

It is quite apparent that at this session no consideration is going to be given the question of a reduction in freight rates. The debate on that question has already taken place in the house, and though this may be somewhat out of order I might say how pleased I was to hear the Minister of Railways (Mr. Howe) say that after the house prorogues he will see to it that the appeal which is before the privy council in connection with freight rates will be heard. I might suggest to the hon. member for New Westminster (Mr. Reid) that, if it is not heard, next year he ought to bring in a bill to provide that where such important appeals are not heard within six months they should lapse altogether and parliament be given an opportunity to deal with these matters as they should be dealt with.

There is no doubt that had coarse grains been under the operation of the act last year, the farmers would have received at least ten or fifteen cents more per bushel. I have under my hand information from one who has been closely associated with the grain trade—I do not care to give the name—and it is evident that coarse grains have been accumulated by the elevator companies at prices ranging from thirteen to eighteen cents for oats not graded higher than 3 C. W., and barley from seventeen to twenty cents. This grain is now moving out, and from now until seeding time it will be taken to the dried out areas in the country at the considerable profit to those who have accumulated it of from seven cents to twenty cents a bushel. Had coarse grains been under the operation of the board last year, the farmers, rather than the grain dealers or elevator concerns who have accumulated the stocks would now be reaping the increased price.

There is every evidence that in the next six or eight months grain will be sold at a much better price than even to-day. I might call the attention of the house to the fact that the open market to-day is paying only within about six cents of what the board is taking the grain in at a fixed minimum price, that is six cents less for No. 1 northern, basis Fort William. There is every evidence that we shall be able to sell wheat at a much better price. I have before me a little circular that sets out some of the factors tending toward an increase in the price of wheat. These are some of the factors: Many unfavourable reports in regard to European winter crops; anxiety over the United States winter wheat crops by reason of dust storms, sub zero weather and inadequate snow protection; the first estimate of the acreage in India being smaller than the figure of last year; wheat stocks in some parts of the continent being practically exhausted. These are a few indications that we may expect a better price.

I will not take up any more time. I think there are many sound arguments to be advanced in favour of the government's consideration of this resolution. Coarse grain should be brought under the operation of the wheat board at once because there is a considerable quantity which has not yet changed hands in western Canada. It is the only commodity which many of the farmers there have to realize on in the line of grain and some have been holding back for a better price. I have no doubt that all western members, especially those from Saskatchewan, will endorse this resolution, for they know that ninety per cent of the farmers all through that western country are in favour of it. I trust we shall get some action.

Mr. J. G. ROSS (Moose Jaw): I wish to make a few remarks with regard to this resolution. It was not my privilege to be in parliament during the last five years, in which the then government, led by the present leader of the opposition (Mr. Bennett), got Canada's wheat and grain trade into the greatest mess it has been in since confederation. When in 1930 the right hon. gentleman took over the government of the country there was some wheat on hand—I believe that in his election campaign he said, in the neighbourhod of 127,000,000 bushels—but there was a reason for that at that time. All hon. gentlemen who remember conditions in Canada prior to 1930, when the new government took over, will recall that the people of western Canada, the grain trade, the wheat pools and the farmers, refused in 1929 to sell their wheat at a very good figure. As a matter of fact it was the surplus of the 1928 and 1929 crops which was the carry-over in 1930, when the last government took office. The people of western Canada, the wheat pool, the farmers and the grain trade refused to sell that wheat at a price. It has been stated that that is not a fact, but anybody who knows the operation of the grain trade and the handling of grain on the exchanges knows that, if wheat is quoted at $1.50 a bushel, and wheat is offered at that price, so long as wheat is offered at that price it never will rise above that quotation.

In the fall of 1929 wheat was quoted on the Winnipeg grain exchange for the October option at $1.73 per bushel. At the same time cash buyers of wheat were offering a nine cent premium for wheat. In other words this meant that $1.82 a bushel was offered for cash wheat at that time, and the people of this country refused to take that price. I do not blame them for doing so; that was their own business; they were advised by people from one end of Canada to the other that wheat was worth more than that at that time. Hon. members will probably remember that the president of one of the great banks in this country stated then that wheat was worth more than that. So that when the government of my right hon. friend took over we had a surplus of wheat, not on account of any policy of a past government but because we in this country refused to sell wheat at a price of $1.50 a bushel and over.

Then prices started to fall, and throughout the five years that my hon. friend held office he put into effect in Canada policies that acted as a block to the sale of any wheat or grain or practically any other primary product from this country. At that time tariffs were jacked up, first of all on the schedules, then by devious methods of valuations for duty purposes, different discount rates, dump duties and everything else. Naturally our primary producers, in shipping their products, could not bring back their wages across the boundaries in return for the commodities that they shipped out. It was these policies which held back our wheat and other grains until, in the fall of 1932, Canadian wheat reached the lowest price at which it had been sold since we started to grow wheat. I remember in that fall selling my crop of No. 1 hard wheat at twenty-five cents per bushel at my point of shipment. I remember in that fall selling No. 1 northwest Canadian flax with a three cent premium and getting fifty-one cents per bushel for it. That is what happened to the farmer in this country while my right hon. friend piled tariff upon tariff to stop the incoming of payments to the Canadian farmer for these goods which he had to sell. Then, having got the country into that shape, he brought from Calgary Mr. John I. McFarland to endeavour to sell the wheat of Canada against the tremendous obstacles that he himself had put in the way of selling that wheat.

Mr. BENNETT: Mr. Speaker, when the hon. gentleman makes a statement so entirely at variance with the facts I think I must correct it. Mr. McFarland was not brought by the government; he was engaged by the Cooperative Wheat Producers, and that is a matter of record. I am bound to say that the other observations of the speaker are on the same level.

Mr. ROSS (Moose Jaw): I may have been incorrect when I said that my right hon. friend brought John I. McFarland from Calgary. Probably my right hon. friend will say that he had nothing whatever to do with the appointment of Mr. John I. McFarland?

Mr. BENNETT: That is true. I was in England at the time.

Mr. ROSS (Moose Jaw): Nevertheless Mr. John I. McFarland was much closer to my right hon. friend than he ever was to the wheat pools of western Canada prior to his appointment.

Mr. BENNETT: That also is inaccurate. Mr. McFarland and I had no business relations for years prior to that. He was president of the Alberta Pacific Grain Company and I was vice-president of it until I sold out. The purchaser of it is in this building.

Mr. ROSS (Moose Jaw): Mr. Speaker, I still maintain that Mr. John I. McFarland was a much closer friend of the right hon. the leader of the opposition than he ever was of the wheat pools of western Canada. He was brought down here to handle a proposition which it was impossible to handle in view of the policies that we had in effect in the country at that time. Things went on from bad to worse in regard to wheat in Canada until, in the last session of the house, action was put through by which a board could be formed, and that board was given leave to handle the wheat of Canada which our Canadian farmers wished to sell to that board. It was given the right to fix a minimum price for the sale of the wheat. The idea throughout the dominion was that a board was being created to set a minimum rate for Canada's wheat crop for 1935. What happened in actual practice? A board was formed, but until the opening-gun-of-the-campaign speech of my right hon. friend the leader of the opposition the set price of wheat was not set, or at least if it had been set it was not given to the public. For about seven or eight days after that there was a set price only on No. 1 northern; there was no set price on a lower grade. Then it took some seven or eight days beyond that period before a set price was placed on feed wheat.

In western Canada this year we had until July the promise of the largest wheat crop that section has known since 1915. It was a beautiful crop, an even crop practically all over western Canada. But in July, rust, which had started in the southern states some time before, gradually found its way north until it struck the western wheat crop, and it did tremendous damage. In the western part of Saskatchewan, where the rust did not hit, frost came early in August and to a large extent ruined the crop there. A western Canadian crop when ripe must be harvested. In our section, where the fields of grain are large and there is danger of winds and early snow in the fall, the moment the crop is ready to cut the farmer must get into the fields and harvest it. We found in western Canada last year, long prior to the announcement of my right hon. friend of the set price of wheat, that many of the farmers of that section had to start to harvest their grain. It was of low grade and the yield was low. It started to move into the elevators and, with the uncertainty regarding the price, prices dropped in the country elevators and the farmers had to sell their wheat for what they could get at that time. It was not a case of holding it until later; it was such a poor crop, such a poor yield, that in order to be able to pay the wages they had to pay from time to time and in order to buy the gasoline and oil with which to run the engines of the combines and threshing machines to harvest the crop it was necessary for the farmers, as they threshed loads of wheat, to take them to the country elevators and sell them so as to obtain the money with which to buy supplies to carry on the balance of their harvesting. The result was that many farmers in southern Saskatchewan and Manitoba were forced to sell wheat, and especially feed wheat, for as little as twenty and twenty-one cents per bushel, eleven to twelve cents under the price later fixed by the board. So these people sustained a loss of from ten to twelve cents per bushel on a very low grade crop with a very low yield.

The intention of this House of Commons, when the bill was passed last year setting up a board, was that the board would be set up in time to fix prices before the crop was harvested, so that the farmers would receive the fixed minimum price for their grain. However, for some reason or another better known to my right hon. friend than to myself, that price was not set until the election campaign was on. These farmers in western Canada have lost many dollars because of the action of my right hon. friend in not having that price stated long before it was. This resolution asks that coarse grains be brought under the board. This is very late in the season, I would suggest. My hon. friend was in the house last year when the bill was before parliament. Why did he not use his influence then to have these coarse grains put under the board, and see that a price was set for them?

Mr. PERLEY (Qu'Appelle): How does the hon. gentleman know I did not?

Mr. ROSS (Moose Jaw): Well, I know the hon. gentleman.

Mr. PERLEY (Qu'Appelle): That is an insinuation, too, and the hon. gentleman should withdraw it.

Mr. SPEAKER: I will ask the hon. gentleman to withdraw the remark.

Mr. ROSS (Moose Jaw): It was just a pleasant observation. I know the hon. gentleman.

Mr. PERLEY (Qu'Appelle): All right.

Mr ROSS (Moose Jaw): The hon. member who introduced this resolution could have insisted at that time that the government have coarse grains brought under the board and prices fixed for them, but he did not do so. He does not need to say that I am insinuating now; I am stating the fact when I say that he did not do so at that time. Now he brings in this resolution at a time when he is sitting in opposition. So far as coarse grains are concerned, I would suggest that before any action is taken by parliament to have prices set on coarse grains, first of all the great loss which the western growers sustained through the delay of my right hon. friend in setting a price on wheat, or, if that price was set, through his not allowing the grain companies and the farmers of western Canada to know what the price was, should be refunded. I am willing to support any measure that will bring about that result, but I will not support the measure brought down by my hon. friend until such action is taken by this house.

Mr. W. J. WARD (Dauphin): Mr. Speaker, I agree with what has been said by the hon. member who has taken his seat (Mr. Ross, Moose Jaw) with regard to the delay in setting the price for the crop of the year in question, but in the light of the fiscal policy of this country, the bonus, if you like to call it that, that is paid to the manufacturers—and it appears to me that we have resigned ourselves to a system of bonusing our manufacturers—the only complaint I have to make with regard to the resolution is that it does not go far enough. I think we should include all farm products. If we are to continue bonusing the secondary industries of Canada by all that is reasonable and logical we should also bonus the primary producers. It has been stated by one hon. member, a man who I think should know, that it has cost us, in the greater prices we have had to pay for the goods we consume, in the neighbourhood of from $400,000,000 to $500,000,000 to carry on this system of bonusing. I think if we could analyze the ultimate load created in this way we would find that it rests very heavily upon the shoulders of the farmers of this country. So if the hon. member had brought down a resolution advocating a direct bonus to all agriculture, to everything we produce, I would heartily support it, but I think the resolution is perfectly logical in the light of the past experience of this country.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, this is probably one of the most important resolutions, as far as western Canada is concerned, that will come before the house this session. I did not think it would be reached to-night, and I know there are many members from the west who would like to take part in this debate. I know the interest that is being shown and that has been shown for some time in regard to this matter.

May I say that I subscribe very heartily to the remarks of the hon. member for Moose Jaw (Mr. Ross) with respect to the delay in establishing the initial payment on the 1935 crop, but I am also concerned in regard to the proposed settlement that was announced just prior to the election with respect to the 1930-31 crop. The government has already announced that it is going to introduce legislation to implement in part that supposed undertaking. I think we in this house, as well as the country at large, will welcome that opportunity of securing the additional information, and until that time comes I do not feel that we are in a position to deal adequately with this resolution. Therefore, Mr. Speaker, I desire to move the adjournment of the debate.

Motion agreed to and debate adjourned.

VOCATIONAL EDUCATION

PROPOSED INQUIRY INTO NEED FOR TECHNICAL TRAINING OF YOUTH, AND CREATION OF A NATIONAL YOUTH REESTABLISHMENT COMMISSION

Mr. DENTON MASSEY (Greenwood) moved:

Whereas, a trained youth is indispensable to the future welfare of Canada;

And whereas, the unemployment of parents and heads of families, because of conditions for which they are in no way responsible, means that boys and girls, and young men and young women, have been denied the necessary training to properly and adequately equip them for a life's vocation;

And whereas, prolonged enforced inactivity has a debilitating and often disastrous effect upon the youth of our country;

And whereas, it is not enough merely to provide employment for youth who have suffered from the lack of training and preparation for vocational work;

And whereas, provincial schools which have reached a high standard of excellence and which yearly are increasing the sphere of their usefulness, do not provide adequate facilities for technical training;

Therefore be it resolved, that the government consider the desirability of investigating the broad question of the reestablishment of the young men and young women of Canada;

And be it further resolved, that, in the conduct of such investigation, attention be given to the possibility of making available, to those of our youth, who are adapted for such training and who would otherwise be denied it, technical training in various branches;

And be it further resolved, that, in the conduct of such investigation, consideration should be given to the feasibility of setting up and maintaining a National Youth Reestablishment Commission.

He said: Mr. Speaker, I rise for this the first time to speak in this house with considerable trepidation. I am not insensible of the extent and depth of the tradition that is bounded by these four walls. I think of those who have spoken here these many years past and of those who speak here now. I am here as a new member; I have come here—and I say it proudly—with a sense of humility, a sense of privilege—the privilege of association; the privilege of opportunity; and the privilege of responsibility. I have been sent here—and I am fully conscious of it—by upwards of seventy thousand splendid Canadian people who are dependent upon industrial activity for their livelihood. I have been sent here to represent them, and when I speak in this house I speak not as a private member only but as the representative of those people. During the course of my campaign I made a promise. I believe, sir, that promises are rather dangerous things during elections. But I made one promise, and that promise was to do my best.

As I have said, I honour and respect the traditions of this house; I respect its dignity, its decorum, and the purposes for which we are gathered here. So as I speak I am filled with a sense of privileged obligation and traditionalistic responsibility not only to those who sent me here but to my fellow members of this house, to my country, to the empire, and to my king.

To identify myself, Mr. Speaker, may I say that I am a Conservative, and proud of the fact. I am proud of my party, its principles and its accomplishments. I have an intense loyalty to party, yes, but I feel that, in the words of him whom I honour as my leader, "a party is an instrument to effect a purpose," and this purpose is to advance the best and fullest interests of the Dominion of Canada.

The motion which it is my rare privilege to bring to the attention of hon. members is, I feel, vitally important to our national life. As I introduce it I am not under any misapprehension as to the magnitude of its scope. I realize that it must be treated as a national subject in the deepest and broadest sense. I feel that it is the duty of this parliament particularly, if I may say so, to bend our united efforts, of course with loyalty to party ideals and principles, to the common cause, the national welfare. We have been sent here for that purpose and to that purpose we must adhere.

This motion relates to a national matter that concerns the very life-blood of Canada. We face a most serious national problem. That sounds platitudinous. One who rises to speak in such days as we have passed through in this world in the past seven years almost feels it incumbent upon him to use such language. But when I say that we face a most serious problem, this is no platitude. It is not necessary for me and it is not my purpose to expatiate at length upon the burning question of unemployment occasioned by the economic world war of the last seven years. It is with a single feature, and a singularly important feature of it, that this motion deals; that is the problem of youth. I have been privileged in my contacts during the last eleven years, in that I have had very extensive contacts with the youth of one city of this province, particularly, and perhaps in a lesser way with the youth of Ontario as a whole. I have come into contact with scores of young men who have been good enough to come to me with their difficulties and problems. I have counselled them in their difficulties and disappointments. So I speak here to-night with some definite and practical knowledge of the subject with which I deal.

Prior to 1929 it seems to me that we did not pay much attention to the youth of Canada. It is true that in 1919 we passed a Technical Education Act, the purport of which was "to aid in promoting industry and the mechanical trades and to increase the earning capacity, efficiency and productive power of those employed therein." The need for such aid was expressed in the terms of reference of the royal commission which had previously reported to parliament, as follows:

Industrial efficiency is all important to the development of the dominion and to the promotion of the home and foreign trade of Canada in competition with other nations.

From 1929 to 1936 the world has passed through very difficult days, days of diminished salaries, lowered wages, apprenticeships discontinued, days of lost opportunities. The abuses of the system under which we carry on in this western so-called civilization have become very apparent and have been brought under the microscope. We found that we had made many mistakes and had permitted many mistakes to be made. The

results were farreaching and simultaneously spectacular and tragic. Unemployment of heads of families left in its wake suffering hardship, and many casualties the like of which the world had not seen before. Single men and single women found no means of selfsupport. In this emergency agencies were quickly set up and the job of work called relief was comparatively well done—when I say comparatively I refer to other countries—but sometimes it seemed that we had forgotten that women too who had been employed and were then unemployed had to be taken care of. Did we ever see a woman in the bread line? But youth has paid the greatest price of all, for not only did youth lose the opportunity to earn but it lost also the opportunity to learn how to earn.

Education had to be curtailed, not alone because of the cost of education, but because it was necessary for those who were engaged in academic and scholastic pursuits to surrender them in order that such means as possible might be gathered together. Then came spasmodic and in some cases continuing idleness. Idleness, Mr. Speaker, is an ugly word. It is a word that one finds on the side of the incubator of national disaster. In so many instances, youth became discontented, youth became unbalanced, youth became despondent. Youth did not understand what it was all about. Youth, in some quarters—and let us admit it frankly—became unpatriotic and permitted some of itself to be gullible to the approach of the foreign agitator, violent and extreme and destructive, gullibility born not of desire but of a sense of hopelessness.

To deal with the problem of the reestablishment of youth is to deal with a practical, not a theoretical, problem. This is not the time to spend in extended discussions of our problem. This is not the time to wrangle upon a party platform concerning what is to be done. These are days of action. The voice of youth will be heard; the voice of youth has already been heard in many quarters.

There sits to my left in this house a group of seventeen young men, sent here to represent a party. I deprecate the attitude of some, if I may do so in all humility, who tend to laugh at this group. Why laugh? Experiments will be tried; youth will indulge in experiments. These young men, our fellow-members, have been sent here by youth. These are days of action, and not of petty, partisan political ponderings upon petty matters. I envy the government, if I may say so, the opportunity that is theirs, and particularly, if he will allow me, do I envy my good friend the Minister of Labour (Mr. Rogers) the opportunity that is his, an opportunity that he may discharge directly and swiftly. His action must spring, it seems to me, not from any academic or any theoretical point of view, but from a regard for human values and human feeling. The Minister of Finance (Mr. Dunning), for whom I have the highest respect, is interested in a balanced budget, as he must be. Before him are figures, prefaced by the dollar sign, but the national dollar must be regarded only as it is related to national life.

For some days in this house there has been debated the matter of a trade agreement. The whole matter of this trade agreement, it seems to me, if I am in order, Mr. Speaker, is as it is related to jobs, and as it produces income for the primary producer. It is not enough for the Minister of Trade and Commerce (Mr. Euler) to present at the end of this or that or the other year a statement showing an increase in trade. But what does increase in trade mean in terms of jobs and of income for the farmers? If trade is increased and the number of jobs is not increased, then trade itself is not enough. The unemployed youth of this country are thinking in terms of jobs, not in terms of dollars of trade. Further, as the resolution states, it is not enough merely to supply jobs. Parliament has a wider and fuller duty to the youth of Canada, our national life-blood, than merely to supply jobs. It is the reestablishment of our youth, morally, educationally, socially, as well as occupationally.

Here is the problem. In 1926—and may I say, Mr. Speaker, that all the figures I am using to-night are taken from the bureau of statistics—the population of this dominion was 9,451,000; I am giving figures to the nearest thousand; in 1929 our population was 10,029,000; in 1934 it was 10,835,000, and in 1935 our population was estimated at 11,000,000. From 1926 to 1935 our population increased by 1,550,000; from 1929 to 1935 it increased by 1,000,000; from 1934 to 1935, in one year, it increased by 165,000. Let us consider the problem more intimately, more in relation to the resolution itself. In 1931 there reached the age of sixteen years 215,000 boys and girls; in 1932 there reached that same age 205,000; in 1933, 207,000; in 1934, 202,000; in 1935, 210,000, and in 1936 it is estimated that there will reach that age 217,000.

Now, what of employment? We are told that employment at the end of 1935 is slightly higher than in 1934, and essentially the same in 1931. In other words, about four million men, women, boys and girls, altogether, are

engaged in gainful occupations. But since 1931 the population of this dominion has increased by approximately 625,000; from 1931 to 1935 1,049,000 reached the age of sixteen. Now, what has happened to these young people? Of those who were in school at the age of sixteen, fifty-seven per cent remained in school until they were seventeen, and forty-three per cent dropped out. Of those in school at the age of seventeen, fifty per cent remained until they were eighteen, and fifty per cent dropped out. Of those in school at eighteen, seventy-one per cent remained until they were nineteen, and twenty-nine per cent dropped out. Of those of all ages who attended school only two-thirds reached the final year of the elementary school. One-half did some high school work; one-fifth proceeded to matriculation, one-tenth to university, and three per cent graduated. Let it be borne in mind too that in 1931, for example, there were 469,000 boys and girls under the age of twenty who were working at some sort of occupation, with an average earning for those of the age of nineteen of $760 a year. May I ask hon. members if they think that state of affairs which I have so briefly sketched is desirable, and if it is in the best interests of Canada?

What are we doing to correct this situation? What are we doing to bring about at least some measure of equilibrium in this state of unbalance? As the motion states, our provincial schools are doing an excellent job of work in their own field and as far as they can go. Our technical schools are also doing an excellent job of work as far as they can go. In my own riding there is a technical school in which 1,800 are enrolled in the day classes and over 3,000 in the night classes. This school is admirably conducted by the principal, Mr. Ferguson. There is at present in this dominion an investment of $579,571,000 in educational institutions which are maintained at an annual cost of $140,000,000. Let it be remembered that the cost of education of one child through the eight and a half years of his or her scholastic experience, which is the average scholastic experience in length of time in this country, is no more than $750. To raise one child to the age of economic independence costs $5,000. Thus it is that six children can be raised and educated in the Dominion of Canada at a cost no more than it costs to raise seven children as illiterates. Against this is the staggering figure of $7,000,000 per month which is being paid to keep men and women in idleness under the name of relief. Seven million dollars per month! What might that not mean translated into terms of education? What price are we placing upon education? Why is it that we sit back and let our youth go out into the world to make their own way without adequate equipment?

It seems to me that right here is one of the most challenging, perhaps the most challenging, of all our national problems. Provide jobs? Yes, but are we playing fair with our youth who are going to fill these jobs? We listened the other evening with a great deal of interest and justifiable commendation to the Minister of Labour when he introduced his plan for closing the relief camps and putting some 10,000 men to work this summer on the tracks of the Canadian National railways and Canadian Pacific railway. That is very laudable, but what about this fall? I have in my hand an excellent editorial from the Toronto Globe, which I read occasionally—I also take Punch—dated February 10, 1936, headed "Skilled Workers Service," and reading as follows:

> There is something almost startling in the expressed view of industrial leaders in the United States that industry is faced by a shortage of skilled labour. At a conference recently of business leaders in Chicago it was stated that, though hundreds of jobs calling for technical knowledge were opening, trained men could not be found to fill them. This scarcity was described as most acute in the automobile and general machine trades, though it was experienced by industry in general.

The editorial concludes by saying:

> This situation is not peculiar to the United States. It is being discussed in this country. Here also there will be plenty of applications for jobs as they develop, but it is evident that for some years, if conditions continue to improve, employers will be obliged to get along with a large percentage of inadequately trained workers.

There is a record of an anomalous situation. What is the solution of this problem? In suggesting this motion to the government I realize that the whole question is too broad, too deep to find an answer in this chamber alone. It is a job of work to be concentrated upon by a discerning and active committee or commission. Hon. members will perhaps permit me for a moment to touch briefly upon some phases of this situation and to deal with some of the possible steps that may be taken to ameliorate the condition that I have endeavoured to sketch.

What have we done for youth these past many years? I have stated already that our provincial schools are excellent. I have stated already that our technical schools are excellent. During the last twenty years technical education has come into its own, for twenty-five per cent of all those now attending secondary schools in this dominion

are attending technical or commercial schools. I have in my hand Report No. 3 of the International Labour Conference for the session at Geneva last year. This particular report deals with unemployment among young persons. What have we done in Canada as compared with what has been done in other countries in this regard? Under the chapter: General Education, Vocational Training and Social Service for Young Unemployed Persons, I find the following:

In Canada provision for the education and recreation of the unemployed is made in a number of places, largely by voluntary effort. Thus, in Montreal, for instance, rooms have been opened for games, reading and classes, and a library, concert hall and theatre have been placed at the disposal of the unemployed. The classes include general subjects and some technical subjects such as geology and mining. Instruction of a practical character is also given in boot repairing, clothes mending, etc. Moreover, in many prairie towns and villages lectures on literature, civics and music have been organized.

That is an excellent job as far as it goes, but how far does it go? Let us consider the recommendations of this same conference. I have before me a pamphlet entitled World Labour Problems, 1935. This is an account by an eye-witness of the Nineteenth International Labour Conference. These are some of the recommendations made in connection with vocational training:

Juveniles (of 15-18) unable to find suitable employment, i.e. occupations which are not "blind alley," to continue full-time attendance at school until such employment is found for them.

Juveniles not attending full-time school should attend continuation courses. Where such attendance is not compulsory for all juveniles, it should be at least compulsory for the unemployed, under pain of disqualification from unemployment benefit or relief.

For unemployed young persons of 18-25 vocational training centres with some general education should be organized, in cooperation with employers' and workers' organizations.

We have heard of the efforts put forward along technical and vocational training lines in Great Britain, Germany, Japan, Sweden and other countries, and yet we find, according to the Year Book, 1934-35 of the International Labour Office, that very little can be said about Canada. Compared with what has been done in Great Britain, Germany and other countries, very little has been done in Canada. There is in this publication one paragraph to which I should like to direct the attention of hon. members. It is headed: Workers' Living Conditions, and referring specifically to vocational training, it states:

During 1934 the effects of the economic depression continued to be felt in the field of vocational training: Further progress was frequently held up, expenses were cut, and there was a reluctance to promote reforms and fresh measures. Attention must however be called to a number of encouraging symptoms, such as the improvements made in the vocational training of skilled labour, the insistent demand that such training should be of an educational character, the efforts made to link up general and technical education, and to combine intellectual and manual training, and the steps taken to regulate the training and employment of juvenile labour and to ensure adequate protection for young workers through the concerted action and real collaboration of all competent persons and parties.

Our position in the family of nations as far as youth reestablishment is concerned, is not too creditable. The funds available under the Technical Education Act are essentially exhausted, and in many places evening classes have been discontinued. We are making little or no progress towards making available to our youth, who without help from some source are denied it, that vocational training which is such an invaluable asset.

I have before me The Year Book of Education, 1936, and I turn to a chapter contributed by Mr. Robbins of our own bureau of statistics. He says in part:

It will be seen, then, that the last twenty years have brought about a beginning in the direction of shaping the secondary school course to fit occupational needs, and that this adaptation has taken the form of a broader common highway from primary school to university rather than a forking of the road. But so long as fewer than a quarter of secondary students are in the technical courses, when more than half of all children are going into the secondary schools, it is difficult to believe that the present position represents more than a beginning, for only about 10 per cent of children are thus in their regular school career being trained specifically for either the offices or shops of industry. And this under conditions in which, as the census of 1931 showed, young people are not attaining economic independence before the age of eighteen, on the average. They were, of course, by no means all staying in school to the age of eighteen, but if trends of the last twenty years are continued, not more than one in four was preparing for a position in life in which he would not be on somebody's paylist. In the interests of the three-fourths there is room for a much closer linking up of the schools and industry.

This whole broad question which I have been attempting to discuss may be epitomised in one story. I take the story of a particular young man. Similar stories of young girls can be told to exactly the same purport. This young man spent nearly three of his four years in technical school; he topped his class for the two years he had been there and one term of the third year, but he was compelled by necessity to become the bread-winner of his family. He sacrificed his education and sought

for and obtained a job. He told me not many days ago, "I have done pretty well but I am not going to get the promotion I expected because the other two fellows working alongside me have finished their course and are better equipped than I am." That is not fair; it is not good enough.

There are many suggestions offered for consideration to those of us who have been interested in this particular phase of our national development. I have under my hand a letter from the head of the Balfour Technical School of Regina, Saskatchewan, Mr. Blair, in connection with correspondence classes. I have before me a pamphlet ably written by Mr. A. E. Corrigan, in connection with national scholarships as a national investment. I have also a copy of Hansard dated Monday, February 17, and I turn to page 232, where I find part of the speech by the hon. member for Davenport (Mr. MacNicol) in which he discusses what the United States is doing in connection with reforestation. Then I turn a page or two to page 235, where I read a most capable speech by the hon. member for Grey-Bruce (Miss Macphail), in which she discusses what the United States is doing to keep youth in the schools.

I realize that the suggestion is a dangerous one, but one might introduce at this point the question of subsidizing industry to allow for apprenticeships. I say that the subject is a dangerous one because I see in his place the Minister of Finance (Mr. Dunning) Apprenticeships are not being provided for these days. The opportunity given youth in days gone by when times were good and money was plentiful is now denied them, through no fault of their own. We are compelling people to go outside Canada to buy certain commodities they require because we have not in this country the men trained to manufacture those commodities, whatever they may be. I think of one case in particular but I will not take time to develop the point. I have mentioned but a few of the thousand and one possible approaches to a solution of the problem, which is too vastly important to be covered within the limits of a forty-minute speech. All I have attempted to do is to speak to the motion itself, which urges the government to consider the advisability of setting up a national youth reestablishment commission.

In 1914 there was a state of war. Youth carried the burden; youth bore the brunt of it all. They came back from France shattered mentally and physically, and we were quick to set up a soldiers' civil reestablishment commission. From 1929 down to this day we have experienced the vicissitudes of another war, an economic war in which, thank God, there has been no rattle of muskets; there have been no long casualty lists published in the daily press; but there have been casualty lists carrying the names of those who have been "unwept, unhonoured and unsung," our unemployed. Again, it is the youth who have carried the greatest burden of this economic war. They have been deprived of the opportunity not only of earning but of learning how to earn. Should we then be slow in 1936 in setting up a national youth reestablishment commission?

It is an old adage that "he who pays the piper calls the tune." And youth has paid the piper. The next quarter of a century in this dominion is youth's ; youth has paid and youth will call the tune. We cannot be deaf to the voice of youth. Let us then act and act quickly, for God's sake, in the name of Christianity; for the sake of the crown in the name of devotion; for the sake of empire in the name of loyalty; for the sake of country in the name of patriotism; for the sake of youth in the name of humanity.

Mr. T. C. DOUGLAS (Weyburn): I am sure the younger men in this house are very proud to-night of the able way in which the case for their generation has been presented by the hon. gentleman who has just taken his seat (Mr. Massey). We of this generation feel perhaps that there are problems that we have which the generation that is older than we are do not quite understand. There is to-night in Canada an army of young people who are looking to the future with a degree of uncertainty, in an attitude of bewilderment, and who are looking to those who call themselves leaders in the community to take some very definite steps in guiding them. Twenty years ago an army of half a million young Canadians went overseas to engage in a life and death struggle. As I remember those years we bent every effort to look after their comfort, to see to their well-being. Women gathered in groups to knit socks; parcels were packed; people worked long hours; no sacrifices were too great on behalf of the men who were holding the line. Now, twenty years later, half a million or more young Canadians are fighting another battle in which there is no glory; they receive no medals; there are no drums and no flags. Yet I submit that it is a battle which is leaving some severe scars and lacerating wounds, and it is on behalf of those who have been the victims of this

struggle in the last five years that the mover of the resolution is pleading here to-night. I submit that this is no time for ornate rhetoric; it is one for several concrete suggestions which such a commission, if established, might use in dealing with the problem of youth.

I would divide the great army of youth into four major classes: Those who are in the student class, who have completed all or part of their studies and are now waiting to be absorbed into industry; those who have had some training but have never been gainfully employed; those who have worked at some time but are now unemployed, with very little immediate prospect of being again employed; and, lastly, that great army of young people about whom we think so seldom, the farm youth, scattered across Canada, living on farms with their parents, not able to establish homes of their own, with their initiative and their energy bottled up. If we are going to deal intelligently and adequately with the problem of youth we shall have to consider these four groups, because they present totally different problems and consequently will need totally different remedies. I am going to touch on them only briefly, Mr. Speaker, because I know there are many other young men in the house who will want to advance suggestions before the hour of closing draws near.

Of the first group, that group of young students, I think it might be well said that the provision of national scholarships might meet something of their need. Instances may be found in abundance; I quote one. I know of two young men who two years ago graduated from high school with the highest average that had ever been given to any pair of students graduating from that particular collegiate. For two years they have been staying at home simply because their parents were on relief and they were unable to get sufficient funds to go to university. Imagine two young men with an average mark of over ninety-three, passing a grade twelve examination and yet unable to go on and give to the state and to humanity the value of that intelligence, and of the knowledge that they had acquired! And yet they represent but a fraction of thousands of young men across Canada, gifted, brilliant, able—

Miss MACPHAIL: What about the women?

Mr. DOUGLAS: —but who, because of the fact that they lack funds, are prevented from going on. One of my colleagues says, "What about the women?" The same is true of thousands of young girls fitted for nursing, fitted for teaching, fitted for research work and post-graduate work, but who are unable to make the necessary progress.

Some advance has been made along this line with reference to national scholarships in other parts of the world. I quote here something that is quite familiar, no doubt, to many members, from a little book by Professor Barker, entitled: The Universities of Great Britain. Speaking of this subject he says:

> The state, through the Board of Education, grants state scholarships and other modes of assistance. The local education authorities grant local or county scholarships; these with other forms of public scholarships, give various forms of aid which enable poor students of promise to proceed to the university. It has been calculated, on the basis of official returns, that nearly one-half of the total number of students in British universities have obtained assistance in one or other of these ways on account of the promise they show either before entering upon a university career or at some point in its course.

Then this remarkable statement:

> The universities of Oxford and Cambridge, supposed to be the homes of the rich, contain 38·2 per cent of assisted students.

The author also points out that the British government has assisted no fewer than 73,000 university students.

I submit that many of these young men and women, either in their collegiate courses or in their university courses, have shown such a degree of brilliancy as would warrant any assistance that can be given them by a national reestablishment commission that might be set up.

Then there is that group of young men in the cities who are not particularly adapted to academic pursuits, unemployed who never have been gainfully employed, who need some type of technical training. There is a crying need throughout Canada to-day for enlarged facilities for technical training. While visiting in Winnipeg I had it drawn to my attention by some men who are connected with St. John's and Kelvin technical schools of that city, that when they opened a course for these unemployed young men their registration was flooded within forty-eight hours and it was necessary to turn away a great number who wished to enroll. I believe that if it were possible to set up the necessary machinery, a great many young men and women who are at present unemployed, and who are getting very rusty, would have an opportunity to develop certain techniques that, when good times return, if they do return, would place them in a position to become economically independent. A prominent British economist made the statement a short time ago that in certain areas of Great Britain in which some indus-

tries were picking up it was found very difficult to obtain trained technicians, solely because during the last five years there had been no training of these people to fill the vacancies that might occur. This is a splendid way whereby such a commission, if set up, could go about the task of rehabilitating youth.

The third class that I mentioned consists of those who have worked and who are now out of work. They divide themselves into two classes: Those who have been located in unemployment camps, and those who remain at home with their parents. I am not going to deal with those in unemployment camps. The Minister of Labour (Mr. Rogers) has already made a statement; we shall know more about what is to become of them. But we should bear in mind that we cannot wash our hands of responsibility for these young men next fall; they cannot be left to wander, as they have done in days gone by, on freight cars across Canada. I was thinking, however, of the other group, not those in camps but those at home, staying with their parents, becoming restless and dissatisfied. Such a commission might consider ways and means of providing work and wages for those young men. They never have asked and they are not now asking for any type of charity, but if we have to continue year after year requiring them to live upon government bread, we shall come very quickly to the point at which the desire for work and the urge to work will disappear.

I come to the last class of these young men and women, and that is those who are living upon the farms. They are not banded together; they have no collective voice, and as a result they have been very largely forgotten. Yet there are thousands upon thousands of them. I know of homes where there are five or six grown sons staying with their parents on the farm. The farm does not require that many to work it; yet they have no place to go. Farmers who wish to hire them are not in a financial position to do so. It is just possible that by cooperation with the federal and provincial governments, steps could be taken, as they have been in some small measure in the west, to subsidize farming, to pay a small sum to the farmers and a small sum to these young men, because they are men to whom schemes of work and wages would not appeal since they have never done industrial work.

They cannot be cared for by camps. They have been raised on farms; their whole outlook is agricultural, and they desire to stay in agricultural communities. On the other hand I know of farm after farm on which old people are continuing to do the heavy chores for which they are not fitted; last summer some of them were putting up hay, because they simply could not afford to hire any help. I am informed that at Dundurn camp alone it was costing over $24 a month to maintain some of these young men; a questioner in this house in 1934 was told that it cost something like $39 per inmate. I have asked the present Minister of Labour what it cost in 1935; as yet I have not received an answer, but whatever the sum is it would be quite sufficient, if cut in half, to give half to the farmers towards boarding these young men and half to the young men themselves. That would do two things: It would rehabilitate them in an agricultural community with which they are familiar, and in the second place it would give them a small income which would enable them to buy clothing and set aside something in the hope of again becoming self-supporting citizens of an agricultural community. It might even be possible to have our present loan board take into consideration the fact that there are thousands of farms, particularly in southern Saskatchewan, that are not being operated. Many of these young men and women have come to the age when they want to marry and when, with some sort of government assistance, they would be prepared to go on these farms and set up house. In a measure they would be self-supporting; they would be reinstated in the community; they would not be a charge, as they are now, upon either their family or the state.

I submit that this is perhaps the most pressing problem facing the Canadian people at the present time. Some great sociologist has said that every nation gets the criminals it deserves. We shall get the criminals we deserve; we shall have the tramps, the transients and the vagrants we deserve, if we continue over a period of years to allow the young men and women, from whom we might create the finest Canadian citizens, to drift gradually into a state of dry rot.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, though not a young man I desire to speak on this subject. I should like to see Canada composed entirely of young men, and see how they would get on.

I should like to read some extracts from a letter I received only to-day which perfectly illustrates the need of the debate that is taking place to-night, and of some action being taken in this regard. This letter is from a mother in an Ontario town. It is beautifully written, and she tells that her husband died suddenly. They had some life

insurance, but he had used it to change his business. He had been a blacksmith; the automobile had come and ruined his business, so he had gone into some other way of making a living and shortly had died suddenly, leaving her nothing. She received mothers' allowance until the last of the children reached the age of sixteen. In this letter she tells me the story of the family, and I should like to quote from it enough to place the situation before the house. She says that her eldest son is twenty-three; he has a first class certificate but did not get a school, and is working for $3 a week. Her eldest daughter is twenty-one; she is a stenographer in an insurance office, but the man who employs her is not busy. He has little to do, so he can give her work only three afternoons a week, and she is paid fifty cents an afternoon. The next son is learning to be an operator in a theatre, and gets only $1 a week. She says that there is nothing else to do in this town, because the two factories in it are closed. The next son is sixteen; he has a paper route and earns $1 a week. The mother continues:

> When I received the mothers' allowance cheque I could always manage.... I could keep their clothes clean and mended, cook vegetables and plain meals for them, but we cannot manage now. Lorne—

That is the eldest boy.

> —says he is going to leave home. Where can he go? ... Ruth's boss says he wishes he had enough business to keep her every day... I lie awake at nights. I worry so, sometimes I am sure I will lose my mind.

This woman lives in a very fine town. I do not know her, but I know the town and undoubtedly the member for that constituency would be interested in the letter, which I will pass on to him. What can be done for people like these? This woman is worse off now, with her children over sixteen, than she was before.

I am not going to make a long speech, because I am not prepared to do so, but I do want to say something about the necessity of giving youth a chance. They do not want to be unduly helped; they dislike that more than anything else. They want a chance to live; they want a chance to work. They do not want to be pampered and babied and subsidized, but they must be given an opportunity to help themselves. A quotation appearing in an article I saw in the New York Times a week or so ago by Aubrey Williams, director of the national youth administration of the United States, very well expresses just what I am sure we all feel. He said:

[Miss Macphail.]

> This is a task which we may begin for youth but which must be carried on by youth.

And again:

> We must not let a single spark of that spendid fire go out, in the boredom, hopelessness and actual want that unemployment brings to those who meet it at the threshold of their active lives.

That is the task we face. We have not attended to it well, and it will cost as much in relief, in illness, in one or another of our institutions and in the care of our criminals as it would have cost to give youth an opportunity. We have spent the money but we have spent it in the wrong way. I think youth is particularly idealistic. They like heroic living. They want to live for an ideal, for something bigger than themselves. Unfortunately that is why war appeals to them; it is something in which they can drown themselves, and they certainly made a good job of it the last time. They want now a social order under which they will have an opportunity to live. They want to live normal lives. I hear older people saying, "Well, these are hard times, and they can just go without this, that or the other thing." What we forget is that these people will never have youth again. They have only one chance at youth. They are trying to have some fun, and why not? They have a right to it. They are trying to find some place in life They are trying to set up homes. I suppose there is no need to enumerate all the things they want to do, but they do want work; they do want idealism; they do want an opportunity to care for somebody or something; they do want the fellowship of their kind. Why should they not want these things, and how much less would we think of them if they did not?

I believe we are just on the threshold of something being done to give young people opportunities. I do not mean particularly in parliament. I should like to be optimistic enough to think the commission will be appointed to study the problems of youth; I hope the minister in charge of the matter will rise in his place and so state, but I have been here a long time and I am not looking for this. However, here and there in Canada I do see worth while people who are taking hold of this idea and acting in regard to it. There is a scheme being carried out in British Columbia; the money is supplied by the provincial government, but the work is carried on largely by Mr. Eisenhardt. There are thousands of young people who come, without any charge at all, and play and sing together, develop their bodies and have a very happy and useful time. Hon. members can read

about this in many papers. But it seems to me insufficient, good as it is, since it is physical development without relation to mental development. Then I find that in Montreal, Rosemount I think it is, they are doing something which is described in a very interesting pamphlet: One Way Out. It shows that they have organized the whole community and in one season have handled five thousand people, there being a very nice combination of physical and mental development. So there are in Canada two places in which they have taken hold of this problem and done something about it. Many teachers in technical and high schools have done a great deal to interest youth in study, manual training, et cetera, and have kept them from becoming completely discouraged.

But that is only a beginning; there will have to be a great deal more done. I feel sure that it will be done, but as we have the habit of doing in Canada, it will be started too late to be completely effective. If one compares our record in the treatment of youth with that of other countries it will be found that we are far down the list in our provision for the salvation of youth. I am thinking of Ontario which I know best; we need in the villages and towns and the open country adult education, education for the young people and the people not so young. The changes that have taken place in the last ten years and that are taking place are so terrific, so far-reaching and so rapid that people who do not follow the digests and magazines are unaware of what is taking place. We are most urgently in need of adult schools of some sort. When I think of the number of churches that are locked up in this province, and schools that are used only until four or five o'clock, I am appalled. The people built them with their money and it is their sons and daughters who need a place to which to go for fellowship, development and amusement; yet these buildings, which should be available to the young people for any worth while projects, are not being used. The church is too good and the school is too—well something or other; the trustees are so very careful lest someone should scratch a desk or something.

What are schools and churches for if not for the development of young people? It is time that some of the too-good people, the goody-good, got it through their heads that the churches and schools are for the development of the people, and they must adapt themselves to the times when young people and adults can come to these schools and churches and use the equipment in them, such as piano, library, et cetera. The young people whom I know in these country communities cannot afford to buy a piano to put in their community hall, if they are fortunate enough to have one. All this equipment, including libraries, is in these buildings which the people cannot use, and they cannot afford to equip other buildings. So we ought to lay down in unmistakable language so often that it will be heeded that, if the upstairs of the church cannot be used, possibly the basement or the school would not be too good, and here the young people can come for study in economics, citizenship, music, dramatics, manual training and all sorts of domestic arts. Much good comes from singing together, not only by way of training voices but in developing fellowship and the spirit of cooperation.

Then we must get, whether in this or some other way, some adaptation of the folk school, some place in which the philosophy and history of cooperation can be made known to rural people. What they have done in the four eastern counties of Nova Scotia is revolutionary; in very simple surroundings they have studied the philosophy and history of cooperation in relation to the needs of the community and then applied their knowledge to the meeting of their need. It is time our agricultural colleges and high schools—and perhaps, this would not hurt in the last class in public school—should consider very carefully the subject of cooperation. At any rate the high schools and agricultural colleges should be devoting themselves to teaching the philosophy of cooperation, because the competitive age is finished; we are rapidly moving into an age of cooperation. But the education which rural youth are getting today has nothing to do with cooperation; it is all "beat the other fellow and get to the head of the class, and the more people you overcome the more successful you are," which is certainly not the spirit of cooperation.

Youth in country places can be well served without anything being done by this parliament, although I want something done here, but if there are leaders in every rural community they can do much; the high school teacher, the continuation teacher, the preacher and all these people who have had a good education can lead classes in some subject in which they are proficient, and not very spectacular but really good schools can be set up. Some woman in a community who can do something in needlework very well could teach that; someone else who is good at making things out of wood could teach how this should be done. There are some

very fine craftsmen in rural Ontario. As soon as people get it through their heads that this is not a depression out of which some government with a large majority is going to bring them overnight, but a condition which we are never coming out of because the machine is displacing more people all the time, they are going to prepare for a longer period of youth, for a longer period of retirement at the end of life and for increasing opportunities at both ends and, indeed, in the middle.

There is in Canada a movement of youth themselves. I do not know what they call it; is it the Canadian youth movement? Anyway, that is the sense of it and they have brought together the young people of all sorts of organizations, from those farthest to the left to those farthest to the right. They are hoping to have a convention in Ottawa this year, and are ambitious enough to think they might send some delegates to Geneva, if there is anything left in Europe by that time, to discuss the problems of the young people of the world. I received one of their publications just to-day, and let me state some of the things they think they need. They say that the most obvious need of the young people is work. Any legislation that will be useful to youth must provide for this; it is the central point, but work, they say, must be provided at a standard union rate of wages. Then they talk about new jobs; they suggest the rebuilding of slums and other projects which would absorb people who are out of work. They also speak of the apprenticeship system and say that they would like it to be possible to learn a trade while working, and they ask if young people could not be employed on government jobs as apprentices and get some wages for such work. They go on to speak about students and scholarships, a subject which has been well covered by the member who introduced the motion. I am sorry that I have not had time to read the leaflet very carefully, but I think I have mentioned the main points. I want to stress, Mr. Speaker, that youth themselves are organizing, and it is not only radical youth, shall we say, but youth that, until lately, did not think about these subjects at all, and possibly a good many of these young people still are not affected by the awful prospects of not having any work to do.

I notice a little item in the Ottawa Citizen of March 3 last which seems to fit into this, telling about a young man of this city who had graduated with highest honours from technical school and was being sent to take a short course with the General Motors Corporation of Canada, showing a close connection between the school and industry. Unfortunately until recently there has been a disposition in this country to have the schools quite apart from life. That did not work so badly perhaps in the days when the graduate was sure of a job anyway, but to-day when life has become almost terrifying so far as the future of the student is concerned, the closer the technical school and industry, the university and business and government, are brought together, the better I think it will be for those who are trying to prepare themselves for life.

I am sorry that I was not prepared to make a speech, and I have been very rambling, but I do wish to say to the House of Commons that we spend a lot of time discussing matters that are much less important than the one that is now before us.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I should like to congratulate the hon. member for Greenwood (Mr. Massey): If I had not seen him where he was sitting, and could have simply heard his voice, I would have said: There is a reformer from the west, because he speaks with practical, sound, Christian common sense. I am going to support this resolution because it leads in the right direction.

I had the honour to serve for six years on the board of education in our city, and we found this, that while it was necessary to teach our youth how to earn a living it was far more important to teach them how to live. I would like to give a few concrete examples of what I mean. I had a father come to me about three months ago and say, "What am I going to do with my boy?" That boy was just as fine an athlete as we had in the city of Fort William, and that was about the best in Canada. But he had begun to stay out late at night and would not get up early in the morning. He was irritable with his mother, and his father found it more and more difficult to be chummy with him. The boy was disgusted with himself. All he wanted was a chance to earn a living and not be a load upon his dad. He wanted to be of use and to develop his own gifts, earn his own way and not become an idle nuisance. You and I, Mr. Speaker, know that youth will not be idle. When we were young we were always busy, sometimes on something good and sometimes on something bad.

Let me give another illustration, of a young man in our city who was a splendid athlete, a graduate from our high school, taking his second year at the university. The best our country could offer him was a job in a camp at twenty cents a day, and so he became red, as we call it, and I would

become red if I had to do the same thing. But influences were brought to bear upon him and he is now a credit to our city. All he wants is an opportunity to earn enough to finish his course, and if we are brothers to him we shall see that he gets that opportunity.

I can give another illustration similar to that cited by the hon. member for Grey-Bruce (Miss Macphail), of a mother with five boys. She was getting quite a pension at one time and the family could live comfortably, but now the boys eat more; she is off the mothers' allowance, and she does not know which way to turn. What are we going to do with those boys? They must have an opportunity to develop and to get work. But to-day, as I see the situation, we are developing a band of youths who have not yet learned to work, and some of them do not care if they never work. We cannot expect them to remain forever idle, and I would say, Mr. Speaker, that if we do not take care of our youth in a proper way they are liable to become criminals and the care of the state.

The hon. member for Grey-Bruce says—and I believe that she meant it—that it is nicer for our young people to have homes of their own and choose mates in this life. She knows that is the natural and the proper thing to do if a young man finds one that he cannot live without. I had an invitation from a young man after he had been employed for about three months this summer. He said, "If you can guarantee me a job eight months in the year I have the finest girl in the world and we will get married, and you will get the job of marrying us." It is not a matter of getting empty buildings or getting buildings heated, because we have plenty of them. It is just a matter of having a heart to measure up to this task, and if we do, we shall find that it will pay us splendidly. Just let hon. gentlemen put themselves in the place of these boys. They graduate from our high school, and as we saw it on our board of education, our task was not so much to find good teachers and to raise enough taxes to meet the estimates, as to find something for our youth to do when they came out of our schools. Of course, they can go on the highways, ride the rods east and ride the rods west, and spend part of their time in different gaols, but that is not in keeping with this great country of Canada, which is the land of our birth or the land of our adoption. I congratulate the mover of this resolution upon the splendid way in which he has presented the matter to us, and I am sure that the government will endorse it.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the problem of youth is certainly one of the most important problems of the day, and this motion gives us an opportunity of discussing it in this House of Commons. The first paragraph of the resolution reads as follows:

> Whereas a trained youth is indispensable to the future welfare of Canada;—

A trained youth. Well, youth can be trained in different ways. Youth can be trained as Bible students; youth can be trained as good citizens; youth can be trained for a vocation in the world; youth can be trained for many good purposes, but it is not stated in this motion how youth should be trained. Now, that is most important. The training might be good or bad, but I assume that the sponsor of this motion desires to give a good training to youth. Of course the motion is only as big as its wording, and its language should be a little more precise.

The second paragraph of the resolution reads:

> And whereas, the unemployment of parents and heads of families, because of conditions for which they are in no way responsible—

Everyone knows who is mainly responsible for the acute unemployment now existing in this country.

> —means that boys and girls, and young men and young women, have been denied the necessary training to properly and adequately equip them for a life's vocation;

Before any one is trained for a life's vocation, he must choose the vocation he desires to follow. Every young person who grows up must decide whether he or she will go this way or that way. If a young man or woman wants to reap a success in life he or she must do the thing for which he or she is best suited. The decision must be made as to what is to be done before the training is started. In spite of the fact that unemployment has been so acute, very few boys and girls have been denied instruction. They have been offered the same facilities that were available at other times. The trouble is the plethora of clerks being turned out by the commercial academies in the different provinces. Every young man or woman wants to become a clerk of some kind and there are no more artisans. It is not dishonest to practise a trade. It is not shameful to be a shoemaker, a tailor, a mason, a carpenter or to carry on any other trade. There are many clever young men and women

who are failures as clerks but who have a real inclination for a trade of some sort. This is a very serious part of the problem.

I should like to tell the sponsor of this resolution (Mr. Massey) and other hon. members what is being done in Quebec. Many sons of farmers have leisure time and the parish priests are holding evening classes for the young people. The young men and women meet in the community hall and receive instruction in English or geography or other subjects. This proves very useful. I know of one parish priest who is teaching the elements of commercial law, showing the young people how to deal with the banks. Most of these classes are conducted by the priest first giving elementary instruction on the subject matter and then asking questions of the students. The different matters are discussed among the students, and I know this method is meeting with great success. It keeps their minds busy. The resolution continues:

> And whereas, prolonged enforced inactivity has a debilitating and often disastrous effect upon the youth of our country;

I am very proud of the young men and women in my constituency. It is said that idleness is the mother of all vices, but I believe the young men and women of Canada have shown that that saying is utterly wrong. They have had no work but they have behaved very well. I think the records show that the boys and girls of to-day are not any worse and perhaps they are better than those of previous years who had not the temptations and the difficulties to face.

One thing that is comforting to the older politicians is the fact that the youth of our country are becoming interested in public affairs. Previously our youth left it to the graybeards to handle national problems, but now they have thrown their hats into the ring and are taking an active part in national affairs. In this present session there are more younger members than ever before. This does not mean that the old men should be put aside; it means simply that the younger men are interested in the national problems of the day and have decided to do their share. They have a right to discuss national problems and to pass judgment thereon. The resolution continues:

> And whereas, it is not enough merely to provide employment for youth who have suffered from the lack of training and preparation for vocational work;
>
> And whereas, provincial schools which have reached a high standard of excellence and which yearly are increasing the sphere of their usefulness, do not provide adequate facilities for technical training;

[Mr Pouliot.]

There are large technical schools in the cities, but there are no schools in the smaller communities to complete the teachings of the curates. There should be a small technical school in nearly every parish to give the young people an opportunity to learn trades which might prove profitable to them. This would be a decentralization of the teaching of trades. It is pretty hard for a father living in the country to pay board for his son to go to a technical school in Montreal, Quebec, Hull or any other large centre. Perhaps this is the reason why so many intelligent and bright young men and women prefer to take up commercial courses instead of learning trades. There should be a decentralization of the teaching of trades. The resolution continues:

> Therefore be it resolved, that the government consider the desirability of investigating the broad question of the reestablishment of the young men and young women of Canada;

That is what is being done to-night; the matter is being discussed in this House of Commons. This should be sufficient to direct the attention of the country to the matter. It is not within our jurisdiction to engage in the teaching of trades, although certain departments like the forestry branch of the Department of Interior carry on some educational work like the sending of samples of wood to the schools. It shows the boys the kind of timber that grows in Canada, and that is most interesting. The Department of Mines does the same with samples of minerals, and that also is good. This should be continued on a wider scale so as to afford the provinces and private institutions all the facilities that are at the disposal of the federal government. Considerable good can be derived in that way. The resolution goes on:

> And be it further resolved, that in the conduct of such investigation, attention be given to the possibility of making available, to those of our youth who are adapted for such training and who would otherwise be denied it, technical training in various branches.

This is very good and I agree with it, but I agree with it in the way it is stated. We do not want so many huge buildings, so many palaces to which to send our boys to learn trades. We want them to be familiar with their trades and to learn them but to learn them in such a way that they can apply them practically. Often when boys attend technical schools they see wonderful apparatus, the new devices of science. But what shoemaker is going to buy such apparatus in order to sole shoes? No; he has to begin at first on a very humble scale. He

has not always very much money to start with, and this kind of education must be imparted in a practical way in order to show young men that without spending a great deal of money they may engage in any trade in the country, and afterwards become perhaps president of some large concern, as has happened in many cases in the United States and Canada. The resolution continues:

> And be it further resolved, that, in the conduct of such investigation, consideration should be given to the feasibility of setting up and maintaining a national youth reestablishment commission.

No, sir, never, and I will tell you why. We have enough of boards and of commissions. The great mistake that was made by the Conservative party in 1930 was the creation of paternalism in Canada. That was its great mistake and it is a stain that cannot be eradicated.

An hon. MEMBER: Are you not going to create a national employment commission?

Mr. POULIOT: If the hon. gentleman will sit down and listen to my argument I will afterwards answer any question he has to ask. I have the floor and I do not wish to be interrupted. I wish to make my point first and afterwards I will answer any question he wishes to ask me. It is healthier for him to sit quiet now, healthier for a doctor. The point I am making is this: We have suffered perhaps as much from paternalism in Canada as we have from unemployment. What is paternalism? It is the preaching of this falsehood by one man: Come unto me and I will give you a job, every one of you. That was what was said in 1930. It was a terrific blunder; it was an awful mistake, a great error of judgment. Perhaps it was said in a jocular vein, but there should be no joking about it; the matter is too serious. By speaking that way the gentleman who used such language was killing private initiative in the youth of Canada; and if to-day the youth, although courageous, cannot do as much as they did before, it is because they believe that governments should do everything.

The reason why this country was more prosperous before 1930 than it was afterwards was not so much by reason of the measures that were brought down by the administration that was in office prior to 1930, but by reason of the fact that that government did not interfere with private business, and the youth of the country had every opportunity to earn their own living by themselves. They began at the bottom and worked up gradually until they attained satisfactory positions that enabled them to earn a reasonable livelihood and even to get married and to enjoy the comforts of home. But now who is the young man that can find a job? It is very difficult to find one, and though there is an improvement it will take a long time to restore the old condition completely.

Young men have to learn, too late perhaps, but they have to learn the truth about the matter. They have to learn that we are at rock-bottom and that it is impossible to give every one of them a job, however sad it is to be forced to tell them that their request, which is perfectly legitimate, cannot always be granted. At any rate, the youth of the country must be told the truth; they must be told that they were cruelly deceived five years ago, and that they can no longer believe that the state can do everything for them. Whenever confidence is fully restored in this country, the Canadian people will realize that private initiative on the part of good Canadian citizens at large, good Canadian fathers and mothers, good Canadian boys and girls, can do much more for the welfare of Canada than any government can do, provided that the government of the day understands this elementary truth that it ought never to interfere with private business nor kill private initiative. The youth of the country deserve every praise and everyone is ready to give it. But let us say to every young man and woman, "Do not be discouraged, for better times are coming, provided that in the future horse-sense and common sense are given the place they should have in the government of the country."

Hon. NORMAN McL. ROGERS (Minister of Labour): I wish at the outset to offer my congratulations to the hon. member for Greenwood (Mr. Massey) upon the manner in which he has presented this resolution to the house. His speech was one which I am sure he may recall in later years with great satisfaction.

As one who has a special interest and responsibility in relation to unemployment, I wish also to express my indebtedness to those who have taken part in this discussion, not excepting my very good friend the hon. member for Témiscouata (Mr. Pouliot). He and I have the same objective in view, though our paths sometimes may slightly diverge.

The general objects set forth in the resolution are not in controversy. Certainly I do not propose to approach the discussion of the resolution in any controversial spirit. There is one observation, however, which I am compelled to make, and which my hon.

friend the member for Greenwood will not contradict. The resolution states that the government should "consider the desirability of investigating the broad question of the reestablishment of the young men and young women of Canada." That is not in dispute; but as I agree with him in that he must agree with me in this, that it would have been desirable that the government should have considered the reestablishment of the young men and young women of Canada during each of the previous five years. I say that because this problem in its very nature is cumulative, and I suggest that its gravity and complexity to-day are due in no small measure to our failure to realize its true proportions in recent years. I think it may be said in connection with this whole problem of unemployment that there is resting upon us now a necessity to reduce it so far as we can to manageable proportions, and that, I believe, means that we must so far as possible divide it into segments. I take it that one of the purposes behind this resolution is to direct attention to some peculiar features in the problem of youth in relation to this larger problem of unemployment, and I think we must all agree that the problem of youth does present certain peculiar features which call for special study and investigation, to be followed in due course by the formulation of special measures to deal with them.

This question of youth and unemployment has received a great deal of attention in other countries. It has also received careful study by a committee of the League of Nations. I was very much interested to observe the recommendations which came from a special committee of the League of Nations upon this question. Among these recommendations were the following:

1. The abolition of child labour.

2. The adoption of compulsory school attendance for primary education where this measure is not yet in force; and, in countries where it exists, the extension of the period of compulsory school attendance (a) by the addition of one or several classes to the primary schools, (b) by supplementary vocational courses, and (c) by the extension of the period of attendance at nursery schools.

3. The systematic transfer of unemployed families to rural areas; that is, internal colonization.

4. The institution of workers' allotments and suburban colonies.

5. Voluntary civic service in labour camps.

6. Voluntary organizations created by the young people themselves.

7. Vocational guidance and employment bureaus.

8. Technical training of a generalized character.

Now if hon. members examine these recommendations one by one it will become apparent that in a country such as this, in order to carry out even a limited number of these recommendations, it is desirable to secure the maximum of cooperation between the dominion and provincial and municipal governments. If one lesson has been brought home clearly as a result of our experience in dealing with this problem of unemployment during the past few years it is this, that unless we are able to find and create a medium through which that cooperation can be secured and continued we shall not be able to deal effectively with the problem of unemployment. This resolution is simply an illustration, I believe, of the imperative necessity of securing that cooperation. Whatever may have been our failures in the past, we are confronted with an existing situation, serious in itself, which demands our united efforts. And it is with this in view that the present administration proposes to set up a national employment commission which is designed to secure that degree of cooperation, not only between governments, but also between governments on the one side and private industry on the other, in order that we may attain a maximum of united effort along the whole front of our economic life.

I may say on behalf of the government that, in connection with this special problem of youth, it will be possible, in setting up a national employment commission, to provide for a special committee which shall investigate those peculiar features of the unemployment problem which relate to youth. I hope that as a result of such an investigation it will be found possible for this government, working in cooperation with other governmental agencies in Canada, to arrange for improved educational facilities and a better correlation of vocational schools and employment services than now exists. I hope too that it may be possible to revive in some degree an apprenticeship system in this country, although that will require also the cooperation of private industry and of labour organizations.

This government and previous governments have frequently received delegations from individual industries or from associations of industries in this dominion, and invariably

these industries or associations have presented to the government specific requests which they believe must be granted if they are to carry on their business successfully. I wonder whether the time has not come when in connection with this whole problem of unemployment this government is not entitled to send delegations to industries and to associations of industries and commercial organizations in this country. I wonder whether we are not entitled to do that and to say to them that their active cooperation is vitally necessary if we, with them, are to deal constructively with this problem of unemployment.

One word more. If we are to deal with this problem of unemployment in a realistic way, obviously we must have something more than the bare statistics of how many men are unemployed and how many women are unemployed in Canada. It is of the utmost importance that we should know how many of these men are employable and how many are unemployable, and the same applies to the women who are on our relief lists at the present time. It is also important that we should know as far as possible the age groups and occupational groups of those who are on our relief rolls. I think I am correct when I say that the dominion government has not possessed that information up to the present time. At the recent dominion-provincial conference it was agreed that there should be a reclassification of the unemployed on relief. I wish to assure the house that no time has been lost in making out the requisite forms and in securing the cooperation of provinces and municipalities in order to obtain that information.

May I say this, too: the hon. member for Témiscouata, by his industry and persistence a year ago, laid the foundation for the work we are seeking to carry on now in that direction. No one can question the desirability of securing this information at as early a date as possible; certainly no one who has any acquaintance with the problems confronting social service agencies in Canada can doubt the wisdom of obtaining and analyzing this data. Already some of the returns have come in from the provinces. As soon as it is possible to summarize that information I propose to lay it before this house.

In conclusion, Mr. Speaker, I would repeat that the government is fully in sympathy with the reestablishment of the youth of this country and, like any government conscious of its responsibility in relation to unemployment at this time, we will take every possible step to see to it that young men and women are given opportunities within which they may realize their desire for remunerative employment. I do not believe the youth of this dominion expect ready-made jobs, nor do I believe that the solution for unemployed youth lies in public employment. If I did believe that I should have some misgivings for the future of Canada. It is our duty to create conditions within which our Canadian youth may once more, as in other years, find their own opportunities and make the most of them.

Mr. MASSEY: Mr. Speaker, may I thank the hon. members who have spoken for the kindly attitude they have shown towards this motion, and may I thank all hon. members of this house for the way in which they have listened to and absorbed that which has been said. Particularly may I thank the Minister of Labour (Mr. Rogers) for the words he has added to the debate. I am sure that what he has said to-night, not only the language itself but what lies behind that language, the thought, the earnestness and the sincerity of purpose, will bring hope and cheer to many who otherwise are rather hopeless and cheerless. I am sure that the cooperation of which he speaks between the federal and provincial governments can be achieved, and I wish him every success in his effort. Let me assure the minister that any part I can play, as a member of this house, in the accomplishment of his purpose in regard to this great question of youth reestablishment, I stand ready and willing to do.

Motion agreed to.

THREE RIVERS-ST. ANGELE BRIDGE

Mr. LUCIEN DUBOIS (Nicolet-Yamaska) (Translation) moved:

Whereas the city of Three Rivers is the most important centre on the St. Lawrence river, between Quebec and Montreal;

And whereas (a) the said city being an industrial centre largely inhabited by the labouring class is the natural outlet for agricultural products of the region; (b) the farmers of the south shore are interested in that important city being easily accessible to them, both for the selling of their products and the making of purchases; (c) the ferry boat service is not always regular, chiefly in winter season and sometimes in summer months by reason of the very large number of passengers; (d) practical means of communication at all hours of the day would benefit the working-class population of Three Rivers and the farmers of the south shore; (e) from a tourist standpoint the regional highway of St. Angele de Laval via Sherbrooke is the shortest route between Three Rivers and the United States; (f) the construction of a bridge

between Three Rivers and St. Angele de Laval would greatly facilitate communications between La Tuque, Grand'Mère, Shawinigan, Cape de la Madeleine, Louiseville, etc., and important centres on the south shore, such as the cities of Nicolet, Victoriaville, Sherbrooke, St. Hyacinthe, etc.; (g) the construction of a bridge would encourage the development of a large number of counties as it would improve transportation facilities and the amount of labour made available in the region; (h) St. Angele de Laval is one of the terminals of the Canadian National Railways on the south shore between Montreal and Quebec;

Therefore be it resolved, that, in the opinion of this house, it is expedient that the government should consider the advisability of appointing experts to look into this matter in all its aspects and report as speedily as possible.

Mr. Speaker, more than ever, the time has come for action. I therefore do not wish to speak at length, and quote all sorts of figures, and then prevent the house from passing as soon as possible the resolution which I have the honour to submit for consideration.

The resolution speaks for itself and its conclusion, which is as follows, is in no way embarrassing to the government:

That, in the opinion of this house, it is expedient that the government should consider the advisability of appointing experts to look into this matter in all its aspects and report as speedily as possible.

I trust that the government will view my request with due consideration. I believe it to be a reasonable one and I have nothing further to add for the present.

Motion agreed to.

UNITED KINGDOM TRADE AGREEMENT

PROPOSED REVOCATION OF LEGISLATION INSTITUTING AGREEMENT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) moved:

That, in the opinion of this house, chapter 2 of 23-24 George V (1933) should be repealed;

That the trade agreement entered into between representatives of His Majesty's government in Canada and of His Majesty's government in the United Kingdom, copy of which is set forth in the schedule of the above mentioned act, should be revoked;

And that chapter 13 of 20-21 George V (1930), an act to amend the customs tariff, should be substituted thereto.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, much as I appreciate the compliment contained in the last paragraph of the motion, I think I must call your attention to the fact that this resolution is entirely out of order.

[Mr. Dubois.]

Mr. POULIOT: Then a pious wish is out of order.

Mr. SPEAKER: I will reserve my judgment until another day.

Motion stands.

On motion of Mr. Dunning the house adjourned at 10.55 p.m.

Tuesday, March 10, 1936

The house met at three o'clock.

ELECTORAL DISTRICT OF SOURIS

REPORT OF JUDGES DECLARING SITTING MEMBER DULY ELECTED

Mr. SPEAKER: I have the honour to inform the house that I have received from the Honourable Mr. Justice Prendergast and the Honourable Mr. Justice Richards, two of the judges selected for the trial of election petitions, pursuant to The Dominion Controverted Elections Act, a report relating to the election for the electoral district of Souris, by which the sitting member was declared duly elected.

BUSINESS OF THE HOUSE

PRECEDENCE FOR GOVERNMENT BUSINESS ON AND AFTER MONDAY, MARCH 16

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

That on and after Monday the 16th of March next 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.

IMPERIAL DEFENCE

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, while I realize that Canada is not a signatory to the Locarno pact, in view of the critical situation which has developed in Europe, and especially in view of the statement made by Mr. J. H. Thomas, I should like to ask whether Canada, either as a member of the League of Nations or as part of the British empire, is committed either directly or indirectly to any defence policy.

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend concludes his question with the words, "any defence policy." Does he mean any defence policy with respect to Canada?

Mr. WOODSWORTH: Empire defence policy.

Mr. MACKENZIE KING: I rather imagined that some hon. member would ask a question with respect to what appeared in the press this morning as having been the answers made yesterday in the British House of Commons by the Right Honourable Mr. Thomas, Secretary for the Colonies, to certain questions asked of the ministry. Perhaps I had better anticipate possible further questions in connection with that press dispatch by making clear exactly what was said by Mr. Thomas: also what the position is with respect to Canada's attitude on the matters referred to by my hon. friend.

I received this morning from Canada's high commissioner the text of the exact words used by Mr. Thomas in replying to the questions asked him yesterday on dominion co-operation and policy arising out of the white paper on defence. The text is as follows:

The first and most important (question asked) was with regard to position of dominions and colonies. When, at the jubilee celebration last year, the whole of the dominion premiers were in England, the government took the opportunity of consulting them frankly and freely on the situation. They explained to the whole of the dominions the defence position, since which full contents of 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.

As far as collective security is concerned, the whole of the dominions are members of the League of Nations. They have given their support to the league. They are parties to every step taken by the government and, in addition, a number of them are taking steps for their own internal defence.

It will be observed that Mr. Thomas' answer deals with two distinct matters, first, with what transpired in London at the time of the jubilee celebration last year, and, second, with reference to Canada's position as a member of the League of Nations in respect of present day questions. With regard to the first let me read again what Mr. Thomas said:

When, at the jubilee celebration last year, the whole of the dominion premiers were in England, the government took the opportunity of consulting them frankly and freely on the situation. They explained to the whole of the dominions the defence position, since which full contents of 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.

There is a reference there to the contents of a white paper having been communicated to the dominions. Let me clear up a possible confusion that may arise in that connection. There has been issued within the last fortnight a white paper dealing with the British government's defence policy, but that is not the white paper to which reference is made here. As far as I am able to gather from the context, the white paper to which reference is made is a white paper that was tabled in the British House of Commons during the month of March of last year, just a year ago. I have a copy of it in my hand. It is entitled "a statement relating to defence"; it was issued in connection with the House of Commons debate in England on March 11, 1935. This white paper was communicated to the Canadian government on March 18, 1935.

In regard to actual or possible commitments of Canada at the conference at the time of the jubilee celebrations, hon. members will recall that when my right hon. friend the present leader of the opposition (Mr. Bennett) returned from England I asked him, I think, on the first day he was in the house after his return, whether any commitments had been made by the Canadian government through him or through other ministers at the time of the celebration, and in reply thereto my right hon. friend made a statement which appears in Hansard of May 20, 1935. The statement is quite explicit and will I think answer any question that may arise with respect to the first part of Mr. Thomas's statement:

Mr. Bennett: I am grateful for having had the opportunity to represent this country at the recent jubilee celebration, about which I shall make some further observations at another time. To the other matters referred to by the right hon. leader of the opposition, in connection with the discussions that took place in Great Britain between the prime ministers of the various overseas dominions and the Prime Minister and ministers of the motherland, I shall also refer later. It is sufficient for my purpose to say to this house this afternoon that the European situation is one of great difficulty, and at times it gives evidence of being very dangerous. But I am hopeful that the efforts which have been made during all these years by the government of the United Kingdom to secure, shall I say, a collective security pact and peace with disarmament, may prevail. Great Britain has disarmed to the point of insecurity; at this moment she finds herself in a position of very great difficulty. I think that is not too strong a statement to make in view of the knowledge we have all obtained from the press as well as from other sources. At this moment I shall not do more than say that I think it 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.

I might use, Mr. Speaker, exactly the same words with reference to any communications which the present government has had with the British government with respect to defence matters. 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. I shall quote the words of my right hon. friend the leader of the opposition and apply them as my reply to the representations of that part of the statement which might seem to refer to recent correspondence: "I cannot make it too 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."

My hon. friend from Winnipeg North Centre (Mr. Woodsworth), who has just asked the question, addressed to me on the 10th of February last, a question in the following words:

> May I ask the Prime Minister what commitments, if any, have been made by Canada with regard to imperial defence?

To which I replied:

> I would have to have a conference with my colleague the Minister of National Defence (Mr. Mackenzie) before I could answer my hon. friend. I am not aware of any commitments, myself, at the moment.

Then on the 12th of February, two days later, I replied further, quoting my hon. friend's question and my previous answer, and added:

> I now give my hon. friend the answer, having taken up the matter with the Minister of National Defence:
>
> 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 parliaments of the several parts of the British commonwealth of nations, upon the recommendation of their respective governments, to decide upon their course.

I would say that my answer would be the same to-day. There are no commitments made that I am aware of or that the government is aware of on the part of Canada with regard to imperial defence.

As to the part of Mr. Thomas' question which refers to the League of Nations, may I read again what was said there:

> As far as collective security is concerned, the whole of the dominions are members of the League of Nations. They have given their support to the league.

No exception can be taken to that part. The last sentence reads as follows:

> They are parties to every step taken by the government and, in addition, a number of them are taking steps for their own internal defence.

I wish to say that so far as the government of Canada is concerned, as a member of the league we are responsible and take responsibility for only those steps which we have taken by ourselves and on our own behalf. What we have done we have done on our own, as a member of the league. What these steps have been was fully given to the house in the papers which were communicated to parliament in the form of a white paper only a few days ago.

As to the Locarno treaty and obligations arising under it, I might quote the following, which is article 9 of the Locarno treaty, signed on October 16, 1925:

> The present treaty shall impose no obligation upon any of the British dominions, or upon India, unless the government of such dominion, or of India, signifies its acceptance thereof.

A Liberal administration was in office at the time the Locarno treaty was under consideration and we took the position then that we had not participated in any conference with respect to Locarno and that we did not think we should be asked to sign the agreement. We allowed the final decision to stand over until after the imperial conference of 1926. The matter was discussed at the conference and Canada's position was made quite clear at the conference, that we were not prepared to sign the treaty, and that we recognized no obligations under it whatsoever. That expression of Canada's position was communicated to parliament at its next session here. There can be no question that as respects the Locarno treaty there is no commitment or obligation upon Canada through the action of its government.

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.

Mr. BENNETT: Mr. Speaker, I think there was one statement made by the right hon. gentleman that possibly should be modified. He said with respect to the League of Nations that we were bound only by such action as we had taken. We are also bound, of course, by action that may be taken by the league of which we are a member, although we may not at the moment agree with what has been done, if it is done by the majority or by the requisite number as provided for by the covenant. That, of course, is the essence of it. I think it should be made abundantly clear that, although we may not ourselves be taking the action, if action were taken by the league as such or by a committee of the league as such, we would be bound by that action, although we might not personally agree with the action taken.

Mr. MACKENZIE KING: If my right hon. friend will look at my remarks, he will see that what I said had specific reference to Locarno. I did not attempt to discuss our obligations to the league generally. We have our obligations under the covenant. I think we have recognized all of them, and will be prepared to consider each new obligation as it arises, in the light of the circumstances which may then be prevailing.

ST. LAWRENCE WATERWAY

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I would like to ask the Minister of Railways and Canals if the government will be represented at the annual convention of cities and towns and harbours of the great lakes in reference to the St. Lawrence waterway; also whether he will be shortly in a position to inform the house if there are any negotiations going on between the two countries for the seaway, so that when the depression is over there will be a basis of agreement.

Hon. C. D. HOWE (Minister of Railways and Canals): The government will not be represented at the meeting. We have had no notice of such a meeting other than that given by the hon. member in the notice of question he sent across a few minutes ago; and beyond that, so far as we are aware the meeting is entirely unofficial. In reply to the second question, I may say that I know of no communication of recent date between Canada and the United States in the matter of the St. Lawrence waterway.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed from Friday, March 6, consideration of the motion of Mr. Mackenzie King:

That it is expedient that parliament do approve the trade agreement entered into at Washington on the 15th day of November, 1935, between His Majesty's government in the Dominion of Canada and the government of the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, when the house adjourned Friday night I had just finished citing two opinions on this treaty, the one, as to how it might affect the United Kingdom agreement; the other, that of President Roosevelt as to how it would benefit the primary producers of the United States of America to get an entry into our Canadian market. Many opinions could be cited with respect to how it will affect our industry in Canada. However, I have not time in the few minutes at my disposal to do this; I prefer to take the considered opinion and the first hand knowledge of hon. members who have already spoken, particularly from this corner of the house, as to how the agreement may affect industry in their particular constituencies. If it operates as they believe it will, I am fearful that if industry is ruined in the east it will affect us very considerably in the west. From the experience of the past five years we know how closely the east and the west are bound together and we appreciate how interdependent they are.

When the agreement goes to committee we shall likely get some detailed information. I regret that so far the speeches from the government side have not given us much detailed information with respect to how it will affect us in many particulars. In that connection I might just mention the speech made by the hon. member for Melville (Mr. Motherwell). This venerable gentleman usually takes his full quota of time, speaking especially to questions affecting agriculture; he is considered an authority on agriculture because of the experience he has had, and we expected something from him. But he took only twelve minutes in speaking on this important treaty, giving us a jocular tirade against protective tariffs. Then we had the hon. member for Saskatoon (Mr. Young); he took his time in giving us a dissertation on the tariff, but he did not refer

to one single item of this agreement by which the producers in his constituency would be benefited. Then we had the Minister of Finance (Mr. Dunning). We were watching and waiting for him to say something, because his department has to do with trade, and in some particulars this agreement is really a budget, as it deals with so many changes in the tariff. We expected from him some details as to how it would benefit the trade of Canada, but what did we have? We had thirty minutes of an attack on the leader of the opposition (Mr. Bennett) which wound up in a dramatic conclusion, so to speak, that fell as flat on the ears of his followers as it did on the ears of those on this side. Certainly we had nothing from him.

I am going to make one comment by way of reply with reference to the speech of the Minister of Finance. It will be very brief. It is to this effect: It is true that many of the things in the treaty were based on the memorandum submitted in November, 1934, but to say that the agreement signed was in its terms the same as the leader of the opposition tried to get, just because both were based on the same memorandum, is not according to fact, is certainly incorrect, and grossly unfair. I think that is a fair statement.

In the minute or two that is left I desire to make a few observations with respect to the advantages and disadvantages of the agreement as I have tried to set them out. First let me refer to the advantages. I admit that the outlet for a limited number of cattle is a distinct advantage, but here, Mr. Speaker, may I remind you that we should take into account the fact that a considerable part of the quota was crossing the boundary before this trade treaty came into effect, and also the fact that the prices in the United States for cattle have decreased considerably. Second, there is a slight reduction in the price of automobiles. On the class and kind that the farmer has to purchase, the Chevrolet and the Ford, it amounts to fifteen and in some cases to twenty dollars. But it is probable that we should have got those decreases in any case. Then there is some assistance to the lumber interests in British Columbia. We will admit that there is certainly some benefit to lumber. Those are the three advantages.

Now, as to the disadvantages, there has been a sharp increase in the price of farm implements. It may or may not be the result of this treaty, but the fact is there, and I would just remind the house that every time there has been a reduction in the duty on agricultural implements there has been an increase in price. Certainly the reduction in the duty on United States pork coming into Canada from five cents to $1\frac{3}{4}$ cents is a distinct threat to the hog industry in Canada. The increased price of lumber as a result of this treaty is already in force in Saskatchewan—an increase of $2 per thousand feet. It is a distinct hardship on the farmers of that province, as lumber is their chief available material for building.

Mr. McLEAN (Melfort): May I ask a question at this point? Does not that increase in the price of lumber, if there is an increase, improve the condition of the lumber workers of Saskatchewan?

Mr. PERLEY (Qu'Appelle): The amount of lumber produced in the northern part of Saskatchewan is very limited. It might help the workers a little, and as I have said, it is an advantage to the lumber industry of British Columbia. But to a hundred thousand farmers in Saskatchewan who have to buy lumber it is certainly a disadvantage, and we are looking at this thing from the broader standpoint.

This treaty is dangerous because it imperils the whole structure underlying the United Kingdom trade agreement. Great Britain is now buying our primary products, the flow that was turned back into Canada following the Hawley-Smoot tariff. In the United Kingdom we have a market of one-quarter of the world's population. There is also the danger of an adverse trade balance being created. I am not going to take time to discuss that, but we know it is a dangerous situation. Just here I might state that according to the trade returns for the month of January, the first month during which this treaty was in operation, there was a reduction of $400,000 in the sale of our farm products to the United States. That is something to keep in mind.

I understand that the hon. member for Moose Jaw (Mr. Ross) is going to follow me; he said so last night, as some hon. members may remember. I should like to ask the hon. gentleman to point out to this house one particular in which this treaty helps the farmers of his constituency or of the province of Saskatchewan to sell one bushel of wheat or other grains, one pound of dairy products, one hog or one pound of pork products; and the hon. gentleman might also explain the increase in the price of agricultural implements. There is also the danger that we may lose our home market, which consumes ninety-five per cent of our primary products other than wheat. I happen to be a member of the

committee considering the election and franchise act. A proposal was made before that committee the other day that each elector in Canada should have two votes, one for the party and one for the member. If I had three votes on this occasion I might cast one in favour of the treaty because of its advantages, but I would cast two against it because of its disadvantages.

In conclusion, Mr. Speaker, I should like to say that I am not concerned with what Macdonald or Laurier did, nor am I concerned with what Bennett or King did. I am not concerned with the past; I am concerned with the present, and in connection with this agreement I am concerned as to what it will mean in the future to Canadian industry, Canadian agriculture and Canadian labour. I do not think we have had sufficient information from the government benches to vote intelligently on this treaty, and certainly no good reasons have been advanced as to why we should vote for it. Therefore I consider it my duty, representing an agricultural constituency in the great agricultural province of Saskatchewan, to vote against the agreement as it stands at the present time.

Mr. D. A. CAMERON (Cape Breton North-Victoria): Mr. Speaker, I am not the hon. member for Moose Jaw, though I happen to follow the hon. gentleman who has just taken his seat. I am not familiar with what is of immediate concern to the constituency of Moose Jaw, but for a few moments I should like to state some of the reasons why I find it my duty to support this resolution. I should like to preface my remarks with the statement that I do not think I would serve any useful purpose by going over the various items in the schedules in detail. That has been done splendidly by the right hon. Prime Minister (Mr. Mackenzie King) from the point of view of the government, and I am free to say that from the point of view of those opposing the treaty the presentation made by the right hon. leader of the opposition (Mr. Bennett) left nothing to be desired. I listened with a great deal of interest and attention to the speeches of both right hon. gentlemen as they expounded their different points of view with regard to this treaty. I propose to refrain from entering into any detailed discussion of the items for another reason which is abundantly clear; that is, we will have ample opportunity to present our views as each item is being considered in committee. I am therefore going to content myself with offering a very few general observations.

First, Mr. Speaker, I propose to deal for a few moments with two or three of what appear to me to be the outstanding criticisms of the agreement that has been submitted. The first point which strikes one is that much of the criticism of this agreement was directed to the fact that apparently it was consummated in too short a time and on an occasion when, according to the public press, the Prime Minister was taking an extended holiday after his strenuous work during the campaign preceding the election which took place October 14. Well, Mr. Speaker, far from that being a reasonable criticism of this trade agreement, which in my opinion holds such splendid potentialities, carrying advantages to this country which are bound to tell on the general trade and industry of Canada, I regard it as a splendid act on the part of the Prime Minister that he should take the time, so soon after coming to office, to consummate an agreement the negotiations for which had been begun by the late government.

The second criticism was that he completed the negotiations leading up to the agreement not only during a holiday season but in such a rapid fashion that it was impossible to give the various details of the agreement that consideration they should have received. If the Prime Minister had come to the consideration of this agreement as a new man, without previous knowledge of trade conditions in this country, I could understand there might be some considerable force in a criticism of that kind. But surely those who make it fail to realize that the Prime Minister has given his whole life to the study of international questions, trade matters, and particularly trade questions as they affect the welfare of Canada. It was not any new venture for the Prime Minister to take up the negotiations for this agreement as he found them on entering the office. It was a matter with which his study and experience had made him familiar; he had held the office of prime minister before, and had first hand knowledge of the probable effect of an agreement of this kind upon the trade of this country as well as upon our relations with other parts of the empire.

Another criticism made from this side of the house, particularly I think by the hon. member for Leeds (Mr. Stewart), was that the agreement is likely, in fact he practically went as far as to say it is almost certain, to affect injuriously the traffic on our great railway systems. The hon. member said that our railway systems were built for east and west traffic, and that if this agreement is ratified it is bound in its ultimate results to develop north and south railway traffic to the injury of our railways. My answer to

that criticism is that if the agreement now under consideration will result in injury to our railway traffic, the agreement contemplated by the late government would be bound to have the very same effect. In fact, if we believe the criticisms from this side, it would have a still more injurious effect upon the railway traffic of this country. But I am not fearful of any such result. In my judgment the lowering of trade barriers between the two countries will in the end prove so beneficial to the general trade of the country that instead of our railways suffering through the consummation of this agreement they will be materially benefited. I am not afraid to venture that prophecy.

A third criticism, in which I am bound to admit there is some force, is that this agreement should have included in its scope certain fish products which unfortunately are not in the schedule. Coming from a county where fishing is a very large industry I am bound to say I regret that the Prime Minister was unable to secure the inclusion on proper terms in that agreement of the various grades and classes of fish. But as the leader of the opposition (Mr. Bennett) has pointed out, in negotiating an agreement certain fundamental principles must be kept in mind, and if in order to include fish it would have been necessary to give concessions on something else the result of which concessions would have been injurious to this country, then I am bound to say that the Prime Minister exercised good judgment and good statesmanship in not making such concessions in connection with another industry in order that fish might be included. This is a country for which the formulation of generally acceptable trade policies is difficult, on account of our geographical position and climatic conditions. A general policy which in its essence may be beneficial to the whole country may in specific instances work a hardship on some localities or individuals. The best any person charged with the responsibilities of office can do is to make an honest attempt to accomplish a general agreement which, taken by and large, or, to use the expression used by the leader of the opposition the other day, "on balance," will mean the greatest good to the Canadian people as a whole. Notwithstanding the pessimistic outlook of the leader of the opposition, I believe that on balance this agreement is bound to work in the general interest of the majority of people of this dominion.

The other day the hon. member for Royal (Mr. Brooks), speaking to this resolution, was particularly critical because the agreement does not include fish. But if the inclusion of fish involved increased competition of American coal, then coming as I do from a constituency in which the coal trade is a very important factor, I commend the Prime Minister on the fact that under this agreement our coal industry will not be subjected to such increased competition in the Canadian market. In this connection I point out that in the conclusion of any agreement it is impossible for the wisest statesman to foresee all the results at the time it is entered into. There is a peculiar situation developing at the present time in connection with coal in what we call the St. Lawrence market, the Quebec market. I think it may be reasonably said that it is a direct result of the Ottawa agreements, and that the product of the Nova Scotia mines is at this time being subjected to keen competition from coal produced under peculiar circumstances in the British Isles. British coal is entering Canada under circumstances approaching those which would justify the imposition of dumping duties, and I am informed on reliable authority that it is competing with Nova Scotia coal to such an extent that it is likely in the present year to displace from 400,000 to 500,000 tons. I am sure those who represented Canada in the negotiation of the Ottawa agreements never anticipated any such result. However, that is the result facing the coal trade in eastern Canada.

Last Thursday evening the hon. member for Royal (Mr. Brooks) spoke as though the provisions respecting swordfish were a matter of minor concern. Well, it is true that the trade is not very great, but I suggest it is worthy of consideration. The provisions respecting this commodity represent a concession to Canadian fishermen which will mean something in dollars and cents. The trade is growing. Fifteen or twenty years ago along the coast of my constituency the taking of a swordfish was considered an event, but now a substantial fleet of fishermen is engaged in this pursuit for a month or five weeks each year. According to the bureau of statistics, last year we exported 14,780 hundredweight of swordfish to the United States, at a market price of $154,421. The saving on that item alone will mean a distribution of about $8,000 among the fishermen along the coast of Cape Breton and other parts of Nova Scotia. This may be a small item, but it represents a substantially greater amount of money to be distributed among men engaged in a somewhat hazardous occupation.

I have noticed a considerable amount of ill advised propaganda against the trade agreement. No doubt some of it is done through

ignorance, but some of it, I am afraid, is through design. In certain journals published in the maritime provinces the statement appeared last week that as a result of the trade treaty we would lose our trade with Bermuda. That was the statement which appeared in the Truro News of March 7. I am not in a position to say whether there is any basis for that statement or not, but it is an interesting fact, that, according to the bureau of statistics, in January, 1935, no potatoes were imported into Canada from Bermuda, whereas 658 hundredweight were imported in January, 1936. Apparently the propagandist of the Truro News is so anxious to score a point against the treaty that he has neglected to take the elementary precaution of ascertaining whether the situation in Bermuda was induced as a result of the trade agreement or as a result of conditions over which no government has any control. Possibly the extracts read by the hon. member for Royal from journals published in New Brunswick have just as little foundation in fact as that published in the Truro News. At all events they appear to be of a similar class and were no doubt designed for similar purposes. I am paying some attention to the observations of the hon. member for Royal, because he undertook to speak for the maritime provinces. That may be a large order, but the fact remains that he attempted to do it. Perhaps his undertaking was forced upon him by circumstances over which he had no control.

The hon. member suggested that the treaty did not benefit the lumber trade of the maritime provinces, but he admitted it was beneficial to the trade in British Columbia. Hon. members know that British Columbia is a better lumber producing country than any part of the maritimes, and we know that competition from British Columbia is felt in the markets of the old country. The United Kingdom has always offered a market to the lumber dealers of the maritime provinces. To the extent that the opening of the market in the United States will form a nucleus of a market for the products of British Columbia, to that extent will it ease the pressure on the market in Great Britain, thereby making it easier for lumber produced in the maritimes to hold its own in that market. Indirectly, if not directly, the trade agreement will be a considerable benefit to the lumber producers of the maritime provinces.

In my opening observations I indicated that I was not going to speak at length. I take the position that every move on the part of the government to remove shackles from trade is a move in the right direction. I am not speaking in a disparaging way about tariffs; rather I am associating myself with leading bankers and economists when I say that to the extent that we wisely, with prudence and with care remove shackles from trade, to that extent we are making it possible for Canadian producers and consumers to prosper in their respective callings.

I accept the doctrine propounded by Right Hon. Stanley Baldwin, who stated here in 1932:

> What then should be the first aim of this conference? It should be to clear out the channels of trade among ourselves. For that purpose we need not measure too closely or too exactly the relative value of preferences given and received.

If we never negotiated a treaty unless we were able to say that the advantages were all on our side, that we had the best of the bargain all through, then we would never negotiate a treaty at all. I am not impressed with the quotations which have been made by certain hon. members from the remarks of Mr. Cordell Hull, the Secretary of State of the United States, and others in that country, who are in favour of this agreement. If we listened to what the former president, Mr. Hoover, and those associated with him, have to say, we would be convinced that Canada was receiving everything without giving anything in return. Those of us on this side of the line who support the agreement undertake to point out its benefits, while those who oppose it undertake to criticize it. In the latter case they base their arguments upon the fact that those in the United States who are in favour of the agreement point out the benefits accruing to the United States. Each critic is just taking a one-sided view of the agreement, but I prefer to look at it from the broad standpoint. I realize that we could never get an agreement without making some concessions.

I hold to the view that an expansion of trade will solve to a large extent the many difficulties with which we are confronted today. I do not believe we will get out of this depression or be able to take care of our unemployment by raising our trade barriers and confining our trade within ourselves. I believe that the opening up of new trade avenues will go a long way towards solving the unemployment problem. I listened with a great deal of attention to the hon. member for Greenwood (Mr. Massey). He gave to the house a picture of the terrible condition in which the youth of the country find themselves. He claimed that the youth of the country were not given an opportunity to learn how to work, and in many cases were not given an opportunity to work at all. I

am not one of those who believe that trade alone will solve all our problems, but I believe that to the extent to which we open up avenues of adventure and new lanes of trade, so will we make it easier for new industries to open up and for agriculture to expand. In this way avenues of employment will be made available to the class to which my hon. friend referred.

I commend most heartily the courage of the Prime Minister in dealing with this problem as soon as the opportunity was afforded. I should like to close by quoting the words said of one of Scotland's heroes:

> He either fears his fate too much,
> Or his deserts are small,
> That dares not put it to the touch
> To gain or lose it all.

Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, it is not my intention this afternoon to enlarge to any extent upon the many presentations that have been made in connection with this trade agreement. I have listened with a great deal of interest to the arguments that have been presented by both sides of the house. I listened to the presentation of the right hon. the Prime Minister (Mr. Mackenzie King) and also that of the Minister of Finance (Mr. Dunning). We have been told by those on the government side that the negotiating of this agreement has been a marvellous achievement, and we have been told also that the agreement had its origin in the leader of the opposition (Mr. Bennett). The leader of the opposition is given a certain qualified credit for having brought about this agreement. It has been said that the discussions he had with officials of the United States had considerable to do with the perfecting of the treaty, and he is given that much credit. However, in the next breath he is twitted with the fact that he was not able to bring the agreement to its final stages, that it required the ability of the present government to make this agreement an actual reality. As I say, all this has been very interesting to listen to.

It has been intimated by the Prime Minister that the agreement might not be all that was desired, that there are certain doubtful phases. I am entirely in accord with the statement with reference to the doubtful character of this agreement. The Prime Minister says that the agreement will assist our railroads and increase our purchasing power. He says it will bring us out of the depression in which we have been for a number of years. I believe this is the gist of what has been said by the right hon. gentleman and what is recorded in Hansard. I noted that the right hon. gentleman did not go back very far in tracing the causes of the depression; he did not go back to 1929 when he had so much to do with it. Hardly any reference at all has been made to all the warnings that were given by the right hon. leader of the opposition before 1929. They are all recorded in Hansard and have been rehashed over and over again in the daily press, so there is no necessity for my repeating them here; nevertheless they are facts which we should all do well to bear in mind.

The Minister of Finance, in approving the agreement, pointed out that if it requires correction in any particular the government can apply the remedial measures which are necessary. I am very glad, Mr. Speaker, that he admits there is a possibility of that, because I say to hon. gentlemen in this house who represent constituencies similar to mine that if I do not miss my guess there will be many remedial measures required to make this agreement effective. But I wonder if hon. gentlemen opposite have been assured by the government that these remedial measures actually will be applied. Personally I have heard no such assurance up to the present time. The only thing I have heard in that respect was the rather evasive comment of the Minister of Finance that remedial measures were a possibility.

We have listened to some very able presentations of arguments against this agreement by hon. gentlemen on this side of the house. I might mention the hon. member for Danforth (Mr. Harris), the hon. member for Dufferin-Simcoe (Mr. Rowe), the hon. member for Davenport (Mr. MacNicol), the hon. member for Yale (Mr. Stirling), the hon. member for Peel (Mr. Graydon), the hon. member for Lanark (Mr. Thompson), the hon. member for Qu'Appelle (Mr. Perley), and many others. They have dealt with the interests of the basic and secondary industries of this country and have pointed to many considerations which I think the government would do well to ponder seriously. I know that the case which they have presented has made a very definite impression on my own mind. Are hon. gentlemen opposite turning a deaf ear to all the presentations from this side of the house, or are they seriously considering them? I wonder if they think that all the brains of the house are confined to one little group sitting on the other side.

An hon. MEMBER: Hear, hear.

Mr. LOCKHART: That "hear, hear" is typical of the kind of criticism of hon. gentlemen opposite. But surely they must admit that men who have had long experience in government, and are just as conscientious as

they are, are qualified to pass fair and constructive criticism on a measure of this importance.

We have been told that the leader of the opposition should receive a great deal of credit for his part in negotiating this agreement, but hon. gentlemen opposite say that he could not conduct the negotiations to the point of signing the agreement. I think the leader of the opposition has sufficiently well established his own position with respect to the agreement, and surely any intelligent member of this house will appreciate the explanation the right hon. gentleman has given of his part in those negotiations. And surely if we want to look at the matter in an unbiased way, what the leader of the opposition has said should have some weight when we are attempting to come to a conclusion.

To me as a new member of the house the attitude of hon. gentlemen opposite seems to have been one of cheering and gloating over the fact that this government has been able to consummate this agreement. Their attitude is: You fellows over there had your chance—why didn't you make an agreement? From the benches opposite we have received very little comment that has been constructive, beyond the presentation of the Prime Minister and the evasive remarks of the Minister of Finance.

I come from the Niagara peninsula, which is of fairly good repute, I think, throughout this dominion, and I wonder how hon. members of this house who represent other fertile districts in this country have been viewing the lack of constructive suggestions from their own side. Think of those vast fertile tracts from the Niagara peninsula to Windsor, and then, north of that, of those vast areas in the St. Lawrence valley, the richest in the world, producing fruits and vegetables, and of those sections of British Columbia which are likely to be affected by this agreement. Do hon. gentlemen representing these districts want Canada to return to the conditions of 1929, to the conditions that prevailed from 1926 to 1930, as I recall them most vividly? Do my hon. friends who are interested in these rich tracts of country recall the flow of trucks back and forth across the border, bringing in the surplus crops of American fruits and vegetables to be disposed of in Ontario and other parts of this dominion? I wonder if they recall that the canning companies were compelled by the competition of American canners to resort to importing a portion of their requirements, and then their pack, much of it, probably went over to the homeland. I shall not read into Hansard figures from the bureau of statistics showing how these importations were reduced in the years from 1930 to 1935 when we had a Conservative government in power in this country. We have all had an opportunity to digest those figures and discuss them on the public platform and in private, and it is hardly necessary for me to repeat them here. I wonder if hon. gentlemen recall, as I do, the truck loads of surplus American produce coming into our own home market, as I saw them come into the St. Catharines market, and selling at a price with which no producer in Ontario could begin to compete. I have experienced those things, and I know something about them. The late government took steps to protect this particular industry—your industry and mine. It constitutes one of the greatest basic industries of this country. I recall that when the canning factories were assisted by the late government in respect to importations, imports of canned goods, which had been coming into Canada in thousands of cases, were reduced by seventy-five per cent. The statistical reports will prove that. A feeling of security was built up among the fruit and vegetable interests from 1930 to 1935. I know of one very large producer who spent a small fortune—and this point applies to Peel and other counties that have been referred to on the floor of this house—in building greenhouses in which to produce commodities for the households of this country, such as lettuce, early cabbage, and similar products which tend to foster our home markets. I recall that he was frightened almost beyond description when he was told by owners of trucks that came down from Guelph and Galt and Hamilton: "We may as well go a little farther east where we will get our produce for half the price that we can buy it from you." He replied, "I cannot produce it for any less, with all the costs of production here." They started to carry out their threat, and I well remember how the late government saw to it that that situation was relieved.

Nor have I forgotten all the invested capital and the immense amount of labour that is taken care of through that investment. I know of one place where over forty persons are working. It is one of the largest greenhouses in the country, growing plants for other growers and for the owner's use. I saw in 1931 cabbage being brought over wholesale from the United States, to the detriment of home production, but the late government saw fit to stop that kind of thing by applying the necessary restrictions. Are hon. mem-

bers across the house satisfied with this new situation? While there may be provision for remedial measures, are they satisfied, in the light of experience prior to 1930, that those measures are going to be applied by the present government? If they are, I am not. We have no indication, no assurance to that effect.

Mr. WARD: Will the hon. member permit a question? Would he support a measure that would bonus all agriculture?

Mr. LOCKHART: No, I would not. May I refer to a personal experience last year? Hearing that there was a considerable crop in New York state, I visited that state, and I found that tons and tons of fruit and vegetables were being offered along the highways. I inquired as to the prices; they were 25 to 50 cents per hamper for the best peaches, and all kinds of fruit and vegetables of the first quality were being offered at proportionately low prices. I asked as to the reason, and they said that the major portion of their stock of produce had been consumed and this was more or less their surplus. The storage companies had refused to accept any more deliveries; the canning factories had said that they wanted no more produce of any kind. The highways were banked with this surplus produce, right in the midst of the harvesting of our own luscious crop in Ontario and other parts of Canada. I spoke to grower after grower and asked why they did not engage trucks and take it across to this steady, stable Canadian market as they had done for the previous four or five years. They shook their heads and said: "There is no chance of any such opportunity now as we had a few years ago. The present government of Canada sees to it that the home producer is protected." I wonder how many hon. members of this house can recall such conditions as I have related. Are all my hon. friends sure, I say, that the provisions of the law are to be put into effect and that we shall again be faced with these unfortunate conditions?

Let us go forward to June, July and August of this year, when our harvesting is in progress. Hon. members have been very silent on this point. I am wondering what alibi they will have when they go back this year to their constituents for their silence in this house if we are to be given no more assurance and no more definite statements of full protection in this respect than have already been forthcoming.

Mr. WOOD: I should like to ask the hon. member a question. In spite of all he says about the protection provided in Lincoln county—and I know something about it—is he prepared to say that the producer has enjoyed better prices in consequence of the policy of his party in the last five years? Has he disposed of his surplus? Was there no surplus at that time?

Mr. LOCKHART: The producers have had better prices in the last four or five years than they had prior to 1930. That is my answer to the question, and I can prove it. There are a great many implications in the terms of this agreement. What happens if our basic industries fail in any measure? The purchasing power of the producer is affected. The products of our secondary industries remain unsold. Unemployment follows. Then we have increased relief, and the urban centres come into the picture, where, we are told, fifty-two per cent of the population reside. Back come the authorities in the provinces and the mayors of the cities and towns to the doorstep of my hon. friend the Minister of Labour, wanting increased assistance to take care of the increasing population in the urban centres.

An hon. MEMBER: They did during the last government.

Mr. LOCKHART: Why should they not? Of course. A large percentage have gone into the urban centres. That is the result when we break down the possibility of increasing our basic production and maintaining fair prices. My stand is going to be to protect our home markets as the late government did.

Then let us go further and foster these favoured relations through our empire trade agreements. I seem to recall that those agreements were strenuously opposed by about ninety-nine per cent of the then opposition, who are now the government. I wonder if they will now say that they were justified in that opposition. We must all think seriously on these matters.

There is another reference I desire to make before concluding. We have spent days in this house discussing the over-production of wheat and the multiplicity of ways by which we hope to dispose of that oversupply. I should like to refer to another basic industry, which will also develop into a secondary industry and which will be wiped out by the terms of this agreement. I should like hon. members from around Montreal, Chatham, Stratford and vicinity to pay particular attention to what I have to say. A few years ago an industry was started at Chatham on a very small scale; I refer to the processing of the soya bean. That factory met with certain

financial difficulties brought about by reasons which I need not mention, but we will say it suffered from mismanagement. Recently new factories sprang up at Montreal and Stratford. The Montreal plant is capable of processing 200,000 bushels per year. So far I have not been able to get definite information as to what the Stratford plant can process, but I imagine it will be at least half that amount. In addition we have the parent plant at Chatham, which is being rehabilitated and which I believe will be able to process a reasonable amount of soya beans. This industry was fostered by the late government. Up to the present time, that is up until last year, only about 100,000 bushels of soya beans were produced in Canada. I am informed that the minimum average yield is about twenty bushels to the acre, and I am also informed on very good authority that the price is about $1.10 per bushel at Montreal.

The soya bean is very high in protein content, and from it is made a very valuable feed cake. An oil is also obtained which is being used extensively in the manufacture of soap and high grade paints. These are all commodities that are used to a great extent in this country. While on the train returning from Toronto Sunday evening I happened to encounter quite by chance a man who is very closely connected with the soya bean industry in the United States. He informed me that there are tens of thousands of acres of these beans being grown in the United States, and their high oil content is becoming recognized as one of great value. He informed me that the Ford Motor Company was using the soya bean oil almost exclusively in the manufacture of its high grade paints and that the soya bean industry had become so important that only last week the Chicago exchange had been asked to include daily market quotations on the soya bean and its by-products. I believe the soya bean has developed into an important competitor in the salted peanut market. It is a peculiar thing, but when I returned to Ottawa I encountered a government official in the Department of Agriculture, who told me that only the week before he had been given the opportunity of tasting a sample of soya beans passed through a gun, just as puffed wheat is manufactured. He had tasted a sample of beans that had gone through this new process, which I understand has been developed by a man living in the province of Ontario, and he gave it as his honest conviction that the product was far superior to any salted peanut he had ever tasted.

I mention these facts in order to show the possibilities of the soya bean industry. Here is an opportunity to build up a new basic industry which undoubtedly will develop into an important secondary industry as well, but what do we find under the trade agreement? Soya beans are placed on the free list and our market is opened to the competition of the tens of thousands of bushels produced annually in the United States. In all fairness, Mr. Speaker, I ask, is this encouraging a young Canadian industry, both basic and secondary. Is this going to help employment at Montreal or Stratford or Chatham? Is this going to bring about another invasion of the Canadian labour market? Is it going to help increase the tonnage of our railways? I wonder if the hon. members from those areas have overlooked the fact that soya beans are on the free list. I hope the government will see that these conditions are remedied, but from what took place prior to 1929 I again have little hope.

This agreement, as it has been executed, contains many implications, Mr. Speaker. I have given a good deal of thought to these questions as they concern furniture, cut flowers, fruit and vegetables, lumbering, beef, hogs, and so on, together with the quotas that have been established, and I cannot see anything equitable or nearly equitable in the agreement. I am opposed to sacrificing the recovery of Canada as during the last two or three years and which we enjoyed under the late government. I will stake my all on the preservation of our home markets, the protection of our basic and secondary industries and the further increase of our trade by continued empire trade agreements. Canada has unlimited natural resources, which must not be exploited by any nation that will not trade with us on an equitable basis.

Mr. J. J. DUFFUS (Peterborough West): Mr. Speaker, it is not my intention, nor do I consider it at all necessary for me in this my maiden speech to take any appreciable amount of the valuable time of the House of Commons in further support of this trade agreement between Canada and the United States of America. I shall endeavour to refrain from giving long lists of figures, averages, percentages, quotas, per capitas, and the like. We have heard these reiterated in this chamber time and again until I question whether any hon. member can recall them, with the exception perhaps of the hon. members who so ably placed them on Hansard. I am convinced that every hon. member of this house has long since come to a decision as to how he or she will vote on this important trade agreement. I think it is well, however, that the house and the country should know how the agreement is being supported by comment

as well as by the recorded votes of the members; therefore I commend most heartily the Prime Minister (Mr. Mackenzie King) for his expressed wish that every hon. member be given the opportunity to state his or her views with regard to its details. This democratic suggestion is characteristic of the statesman who now enjoys the unique honour of being the first prime minister of Canada to hold that office for the third time. May I at this time publicly express and convey to the Prime Minister my humble congratulations, as well as the congratulations of all the splendid citizens of the constituency of Peterborough West whom I have the pleasure to represent in this house. The Prime Minister has attained an honour not hitherto achieved in the Dominion of Canada, and indeed only attained in two other instances in the history of the world. To-day the illustrious grandson of William Lyon Mackenzie is confronted with a concentration of power in industry and finance which is no less a menace to true freedom than the family compact which his ancestor confronted nearly one hundred years ago. Economic insecurity, poverty and fear are the negation of freedom. I am sure I am expressing a thought uppermost in the mind of every hon. member when I say that I trust a kind providence may grant the Prime Minister health and success for many parliaments to come.

Then I cannot let this opportunity pass without saying that I recall having read that the late honoured and much lamented Sir Wilfrid Laurier had the happy faculty of surrounding himself with able statesmen as cabinet ministers. No one can deny that the present Prime Minister also possesses this splendid characteristic. All classes of people and many journals, Tory and Liberal alike, throughout this country and elsewhere, frankly admit that an abler cabinet than the one now conducting the affairs of Canada could not have been formed. With this statement I am fully in accord. Were I to attempt to extol in detail their outstanding qualifications it would take much longer than the time allotted to me.

Let me pause also to extend to the Speaker of this house my sincere congratulations on the confidence and the honour bestowed upon him. His long parliamentary experience, his impartiality and pleasing manner eminently fit him for the exalted office he now holds, and I wish him every success. I should like also to express my congratulations to you, Mr. Deputy Speaker. You and I have fought side by side in many battles in this province. You are fair, honest, and kind, attributes befitting an efficient presiding officer. I wish you, sir, every happiness and success in the well merited honour that has come to you.

This trade agreement between Canada and the United States involves many social and industrial problems. If it affected only the two great nations on this North American continent the question would be less complicated, but as it most certainly involves world problems it must of necessity be approached with the utmost care and consideration. And what transcends all else is that human problems are involved, and where human problems are involved the highest ingenuity and statesmanship must be exercised in order to preserve the health and life of the nations of the world, from a humanitarian, an industrial and an economic standpoint.

I have the honour to represent a constituency which comprises a large rural area as well as a beautiful and cosmopolitan city of twenty-four thousand of the finest people in the world. Some day, sir, I hope to have the opportunity of telling this house more about it. In that city we have nearly eighty industries, which may surprise some of my hon. friends who preceded me and who come from industrial centres. What are our Canadian industries? The basic industries of Canada and their annual production for the year 1934, both gross and net, were as follows:

Industry	Gross	Net
Agriculture	$1,033,000,000	$682,000,000
Mining	356,000,000	277,000,000
Forestry (including lumbering)	233,000,000	164,000,000
Trapping	8,000,000	8,000,000
Electric power	195,000,000	142,000,000
Fishing	44,000,000	34,000,000

The tourist trade is an ever increasing industry. In 1934, people coming from the United States spent in Canada $130,000,000 and tourists from Canada spent in the United States some $61,000,000; in other words, Canada's net income from tourist trade was $69,000,000. The figures for our secondary industries are:

	Gross output	Net output
Manufacturing	$2,400,000,000	$1,246,000,000
Construction	126,000,000	82,000,000
Custom and repairs	83,000,000	62,000,000

From a trade agreement as well as from a tariff impost standpoint every one of them will receive impartial consideration at the hands of the government. Otherwise the whole economic structure would continue to be out of bounds and unjust. I am confident the proper action will be taken by the government now holding office.

I realize that my responsibility differs to some extent from that of an hon. member representing a purely rural constituency, as many secondary industries are found in my

constituency. It is a fact, however, that the trade agreement benefits the farmers. That is a point of major importance, for the good and obvious reason that agriculture is the basis of our dominion's welfare. Hence it must be clear to all hon. members that unless agriculture prospers our secondary industries cannot be in a healthy economic condition. Nearly all our wealth comes from the land, largely from the top six inches of our soil.

I have heard hon. members, and particularly those of the legal profession, of whom we have a generous quota in this parliament, say that they are not farmers but that they have a deep and abiding interest in farmers. No doubt they are and have every right to be sincere. Their attitude, however, calls a story to my mind. It appears that a certain legal gentleman named Jones lived in one of those small villages where one person's business is everybody's business. One morning, at a time when the gentleman was suffering a severe illness, a lady with his interests at heart called at his residence. The door was answered by the gentleman's wife, and the visitor inquired, "How is lawyer Jones this morning?" "Well," was the reply, "he is lying at death's door." Whereupon the visitor ventured the observation, "Well, isn't he the plucky beggar—right at death's door, and still lying!"

I am happy to say that I spent most of my life on the farm, and am familiar with some of its problems. No man knows them all. The history of agriculture is the history of man in his most primitive and yet his most permanent state. Unless and until we place the farmer and the labouring man back into positions of security there can be no increasing of enduring prosperity in Canada. Farming is not gilt edged any more than any other industry; yet we know that there is none more conducive to good health, comfortable homes and independence. No legitimate industry involves a greater element of risk, hard work and long hours, and none is slower in its accumulation of wealth.

I do not subscribe to the sentiments expressed by the hon. member for Parkdale (Mr. Spence) who said in this chamber a few days ago that our farmers have been "spoon fed long enough." On behalf of the farmers of Canada I voice resentment against that statement. I venture to say the hon. member has never farmed, or if he did it is so long ago that his knowledge of farming cannot be applied to present day conditions. It would appear to me that it is very much out of date. I am sorry the hon. member is not in the chamber at the moment, because I rather think he would try to get out of it. However, unless his was a flax farm, or one with an oil well on it, he could not possibly slip out of his statement, because he was quoted in the press throughout Canada.

To-day farming is just as scientific and technical as any other industry. Due to the efficient training, patience and painstaking efforts of Mr. A. E. Runions, agricultural representative for the county of Peterborough, four judging teams of boys and girls of that county in the last year won four provincial championships—one at the Central Canada industrial exhibition, held in this capital city, one at the agricultural college in Guelph, and two at the Canadian national exhibition at Toronto. One of these young boys, Mr. Eddie O'Toole, a neighbour of mine, won the highest award in Canada for horse judging. Will any hon. member venture to say that that training is not of inestimable value to those young people, as well as to Canada? Visualize their services as judges, and how their knowledge will benefit others both by word and by example. Think of their increasing pride in their chosen calling.

Agriculture is undeniably the pack-horse of all parasites, hence its need of scientific methods. It stands second in volume and in value, and yet our farmers are in a most deplorable condition. Unless they are given every opportunity to recover, all other industries will continue to suffer and go into bankruptcy. Consequently it is fundamentally important that all governments continue to lend every effort on their behalf.

With respect to secondary industries may I say that I deeply appreciate the difficulties under which some of our manufacturing concerns are operating. I realize that some are suffering from excessive overhead, high taxation, expensive sales and distribution costs, intensive advertising, unprofitable accounts and a very seriously diminished volume. From my observation of and contact with the manufacturing industry, I have sufficient confidence in their appreciation and loyalty to know that they are willing to make sacrifices and cooperate with this government in carrying out its trade policies, and its concentrated and prodigious efforts to avoid catastrophe by balancing the budget and thus arresting the present downward course of this country to bankruptcy, and in conducting its affairs in a manner that will mean the greatest good to the greatest number. In this I include everyone from the primary producer to the ultimate consumer.

We all realize and appreciate that it will be necessary to make some modifications of this agreement from time to time in the interests of some of our manufacturing concerns and other industries. It is not perfect by any means, but it is a step in the right direction. It is a sign of sanity in international commerce. It is a wonderful economic gesture to all the great nations and it is an example that all countries of the world might well consider in order that there may be a speeding up in the exchange of trade between the empires and nations of the world. It will occur to most hon. members of this house that this is the logical method by which to increase sales, increase employment and purchasing power and ultimately lower prices to the consumer.

Mr. WILTON: How does the hon. member suppose it will increase employment?

Mr. DUFFUS: It will increase employment in many ways. In the first place, it will give us more adequate markets; there will be a greater expansion of trade and consequently employment will increase. Without increased markets, without an expansion of trade we will continue to have an unemployment situation as acute as it is at the present time and as it has been during the past five years. I believe that this government is a reasonable government. I am confident that should this treaty adversely affect any industry, we as their representatives stand ready to accompany the owners and their associates to the tariff board, to the Minister of Trade and Commerce (Mr. Euler), and to the Minister of Finance (Mr. Dunning) where they are sure to get a sympathetic hearing of their case and a satisfactory adjustment of their grievances if it is at all possible. I am sure that our manufacturers know and appreciate that every effort is being made to reduce the cost of the instruments and implements of production. This will assist very materially. It is obvious that lower production costs are essential, in fact they are imperative. Commodity prices must be reduced to the minimum in the interests of the consumer if he is to maintain a decent standard of living, which standard is not too high at the present time. These adjustments will bring about increased employment, a greater tonnage for our railways and transportation systems and an increase in our tourist trade. There will be greater profits in business and the people in all lines of endeavour will have an increased purchasing power. The lowering of commodity prices and the providing of adequate markets for our surplus products, not by blasting methods but by the exercise of good will, has been the policy of this government and has always been the policy of the Liberal party.

The first and most important step towards the elimination of this widespread depression is to make the farmer prosperous. He is the greatest buyer in the country. At the present time everything he possesses—I can hardly say everything he owns—is in a dilapidated condition. Restore to him his former purchasing power and our unemployment problem will be solved. If our farmers are prosperous, our merchants will be happy, our manufacturers will be busy and our lumbermen, fishermen, and miners will be working. In conclusion may I say that if we can obtain the cooperation of both sides of the house and the coordination of the thoughts and efforts of all hon. members it will hasten the time when all the citizens of this fair land will be enjoying the same measure of prosperity and happiness as has always obtained under a Liberal administration.

Mr. P. J. ROWE (Athabaska): Mr. Speaker, I intend to vote for this resolution on the principle that half a loaf is better than no bread. I say advisedly, "on the principle" because I do not see even half a loaf; I do not see even a quarter of a loaf and it would take a microscope to discover even a crumb. However, consistency and logic demand that I vote for the crumb. Surely it must be clear to every impartial person that tinkering with tariffs will not solve our problems. If it would, the experimentation with tariffs during the last seventy years by both major parties of Canada would have accomplished something. I conceive it to be the inescapable moral and legal duty of this house to find a way to distribute the vast wealth of this country among the Canadian people. Everyone agrees that great wealth does exist in this dominion.

I was in the museum on Sunday looking at the tools and the culture of our Indians and Eskimos, and it struck me what an object lesson for the people of Canada this was, for these simple primitive people had at hand only their traditions, their folk lore and the simple culture of ages past, and yet what amazing skill and ingenuity they applied to the problem of living. We to-day have inherited the accumulated knowledge, culture and science of all past ages, and yet in the midst of an admittedly incalculable abundance of everything we have failed to find a way to distribute equitably, justly and fairly among the Canadian people the vast wealth that everyone agrees exists in this country. One might carry the metaphor even further and refer to the

Scriptures: "Go to the ant, thou sluggard; consider her ways, and be wise." Surely we who have preached brotherhood for centuries and have even talked about a religion that is beyond the compass of the human understanding must admit that we have neither the morality nor the intelligence of insects because the ants and the bees have their co-operative commonwealths, their industrial democracies, in which each individual in return for the labour that he gives is guaranteed all the necessities of life. Under the present system, as has been amply demonstrated in the report of the price spreads commission, men, women and children are treated as a means to an end, and that end is the enrichment of those who by their privileges and by the power that is given them under the system are able to impose their uncompromising will upon the weak and the helpless.

Thinking along these lines, I wonder whether we could not take a more scientific and a more humanitarian attitude towards these problems. I think it is an unassailable truth that Canada has concentrated within her borders the greatest body of vital natural resources existing within the borders of any country in the world. Canada is more richly endowed with all that goes to make for a beautiful, happy and comfortable living for our people than is any other country in the world, and yet one and one-quarter millions of honest, decent Canadian citizens are to-day compelled to accept the bitter, heart-breaking degradation of public charity. Charity may be a lovely virtue if you are handing it out, but it is the bitterest of all pills to accept. In the words of the right hon. leader of the opposition (Mr. Bennett), "the dole is a condemnation, final and complete, of this system." I agree. I also agree with the poet Edward Markham, who, speaking of these matters, said:

> Down all the stretch of hell to its last gulf there is no shape more terrible than this, more tongued with censure of a world's blind greed, more filled with signs and portents for the soul, more fraught with menace to the universe.

I feel that to-day every member of parliament is standing at the bar of judgment, and I am wondering what the verdict of history will be. God forbid that we should fail to do the reasonable, the logical, the humanitarian and the Christian thing.

There was something rather ominous in the words of the Minister of National Defence (Mr. Mackenzie) when, speaking before the Canadian Artillery Association at Ottawa on the 7th of February, he used these words:

> I want to leave with you the profound thought that you will never have in the Dominion of Canada an adequate system of defence until you create a national sentiment in favour of such a system. In my mind there are two cardinal and guiding principles to be borne in mind when establishing a system of national defence. First we must have the defence forces sufficient to control subversive elements from within, and sufficient also to repel attacks from without.

I want to suggest to the minister and the cabinet that if they would give consideration to a sane rational system of equitably distributing the products of this power-industry age, there would be no need of worrying about subversive elements within the country. Are we to understand, for instance, that the citizens of Pembroke, Ontario, who apparently driven to desperation by the sound-money scarcity philosophy of their government rose in anger, are to be classed as subversive? I am a citizen of Ontario; my people have lived here for generations, and I say that the gathering storms of anger at the futility and inability of governments—I do not care what name they go under—to solve this problem of poverty amidst abundance is simply taxing the patience of even the best Anglo-Saxon citizens of Canada. If I am told that I am severe in my language I say that the circumstances call for severe language. As William Lloyd Garrison says:

> The apathy and indifference of the people with regard to this great question is enough to cause every statue to leap from its pedestal and hasten the resurrection of the dead.

I am not equivocating. I will not retreat one inch. I will be heard on behalf of the people of this country who are looking to this house and to this parliament for a solution of their problem. You might as well say to me, sir, that I am predicting a revolution when I talk about the people rising in anger as say to the astronomer who uses his instruments to calculate the movements of the solar bodies and predicts that there is going to be an eclipse of the moon at a certain time, that he is to be blamed when that eclipse happens. I say that unless we take hold of this problem immediately and solve it, we are going to have trouble.

I want to ask the government a question or two. The first is this—and I am asking it of course in relation to the system; I have nothing whatever against this or any other government—Why do we, at great cost, train our young men in universities, give them the degree of Bachelor of Commerce, and send them overseas to drum up markets for goods which are needed here at home? I say that nothing could be more stupid or more grotesque. If we can demonstrate to other

nations a scientifically planned economy in which all of our available natural resources are made to minister to our domestic needs, and if we contemplate the importation of only those commodities which could not advantageously be produced within this country, exchanging, for example, our surplus pulpwood and rayon silk for citrus fruits, tea, coffee, bananas and so forth, which we cannot produce in Canada, I say, Mr. Speaker, that such a spectacle would electrify the world. Infinitely more, it would remove from the world one of the most malignant and terrible of mankind's immemorial enemies, war, which I think most thoughtful people to-day agree is partly caused by economic rivalry and the struggle for markets. Once there was before the eyes of all mankind a concrete illustration of a great people emancipating themselves from economic bondage, no government on earth could resist the demand of its own people for the same thing to be tried and made to work.

I am not projecting here an unsubstantial shimmering mirage, an unattainable utopian dream. I want to give some facts. In the United States during the last two years a commission was set up, consisting of impartial industrial engineers. statisticians, accountants and economists. Their work was to survey the production plant of the United States, that is the productive capacity of the plant from an agricultural and an industrial point of view. They found that at the present time there is available to the people of the United States a living of $4,400 for each family. Who is there who will say that Canada is less richly endowed with vital natural resources than is the United States?

Mr. MOORE: Is the hon. gentleman referring to the report or survey of the Brookings Institution?

Mr. ROWE (Athabaska): I am referring to the report of the National Survey of Potential Productive Capacity, which has just released its findings. It is published by Charles Loeb, director of the survey.

Mr. MOORE: May I ask the authority for the survey?

Mr. ROWE (Athabaska): The authority is the United States government. I should like to put on Hansard, for the benefit of the hon. gentleman, a quotation about that. This is what Stuart Chase, the great economist and writer in the United States, has to say about it:

> This study is destined, I believe, to have historical importance. It has furnished comprehensive statistical proof for a possible era of abundance; proof which has long been wanted. It gives the lie to the scarcity men, the hucksters, gamblers, and financial jugglers who once promised the end of poverty, and who now, their system in reverse, foretell an America of industrial serfs, peasants, and belt-tighteners, into a bleak and undated future. Where are you going to get the money? they cry. If the abundance men can carry the findings of the National Survey to every hamlet in the land, there will be in the end no question of where the money is coming from. Americans will not be content to idle in semi-starvation because the rules of an antiquated money game demand it, when they know that the good things of life are theirs for the taking—and, mind you, the working. An income of $4,400 a year in sound goods and services is not affluence, but it looks like paradise to most families in this country to-day. And it is only a beginning; only the first indication of what the power age can do for mankind, if once it be given an opportunity genuinely to serve mankind.

Mr. MOORE: I am extremely interested in what the hon. gentleman is saying, but I would call attention to the fact that he is speaking of comment on the report, and not of the report itself. I think that is correct, is it not?

Mr. ROWE (Athabaska): That is correct. Perhaps, in order to clear up this matter, I had better say a word or two about the source of this report. This commission, as I said a moment ago, was appointed by the United States government for the purpose of making a survey of the productive plant of that country. Mr. Harold Loeb was the director of that commission. The findings of the commission have not yet been released in the form of an official blue book. But Mr. Loeb, as chairman of the commission, has written this book and foretells and analyses what the report will contain, and there is a chart which shows the whole of the resources of the United States from the land, the factories and the distribution system. It is an exceedingly interesting chart, and I would recommend it to the hon. gentleman for study.

Mr. MOORE: I have read it. I think it would be well, though, that the hon. gentleman should take some other opportunity to undertake an analysis of it for the purpose of seeing that it brings out his conclusions.

Mr. ROWE (Athabaska): I was endeavouring to point out in a spirit of friendliness, amity and cooperation—

Mr. MOORE: Quite so. I accept that.

Mr. ROWE (Athabaska): —that we have a suggestion to offer and we are offering it sincerely to the government, that they should study this. I am going further. I have very great pleasure in seconding the resolution which

is now on the order paper asking for the appointment of a committee, or rather, if the government so desires, of one of the standing committees, to make a similar survey of Canada's production plant. That resolution, very properly, is on the order paper in the name of the hon. member for Peace River (Mr. Pelletier), the youngest member of the house, and I think it is appropriate that the youngest member should bring it forward, because it is for the next generation more than for us.

Right on that point, I want to enlarge on the youth problem of this country. To the youthful fancy of the boys and girls coming out of our homes and schools and colleges, the future seems to lie before them like a land of dreams, so beautiful, so varied, and so new. But what have we to offer them? I say that it is within the power of the members of this parliament to see that their hopes are realized and that their dreams come true. Surely it must not be beyond the power of parliament to take cognizance of the wealth of Canada, to survey its resources, and to formulate an intelligent, rational plan for giving life and liberty and happiness to the young people of this dominion.

We have preached brotherhood for centuries. The time has now arrived when we can find a material basis for brotherhood. I think we have found that basis in this age of plenty and machine-made abundance. I believe we are actually nearing the borders of the long promised land. Mankind has wandered for thousands of years in the wilderness of racial hatreds and jealousies, of fear, insecurity and mass murder. It is not too much to say that the ushering in of the age of harnessed solar energy and mankind's inventive genius, the inheritance of the accumulated knowledge and culture of the past, will mark the fulfilment of mankind's age-old quest for freedom, security and happiness. In thinking of the problems confronting this parliament and this country I am reminded of the words of the great commoner, William Jennings Bryan, when he said:

> You shall not press down upon the brow of labour this crown of thorns. You shall not crucify mankind on a cross of gold.

I might add to that: You shall not crucify this generation on a cross of scarcity and artificially created poverty. It is just the same thing.

Mr. DEPUTY SPEAKER: I must ask the hon. member for Athabaska to confine his remarks to the question under discussion.

Mr. ROWE (Athabaska): Thank you, Mr. Speaker. I am sincerely trying to suggest a plan to the government; that plan you have just heard, that we have a committee appointed by this house to make a survey of our wealth, and in that connection we undertake to work with the government. I do not think the people of Canada are in the least concerned about what party brings in this plan. The personal ambitions of politicians or the personal fortunes of particular parties are of no consequence to the Canadian people. What they are interested in is this: In their homes, with their children, they desire to have security, and I should like nothing better than to see the Liberal party bring in this plan. If they did so they would earn the everlasting gratitude of the people.

Now, Mr. Speaker, I say that sane men are at last resisting the subjection of the world's real powers to the world's most purely instrumental mechanism, the money system. Monetary restriction upon the actualities of the earth's fruitfulness is so nearly complete that the matter becomes one of life or death. In default of converting our leaders from their fantastic veto upon life there is only one common sense retaliation, and that is a temporary return to direct exchange of labour, or primitive barter. Indeed, I could give dozens of illustrations, from my own riding, of people now engaged in primitive barter, because they have no money. I say that a government—I am speaking not of this government particularly, but of any government—which is afraid to face a simple problem requiring only common sense and backbone, which will allow an inanimate mechanical bogey to strangle and smother the legitimate and normal aspirations and the inalienable rights of the Canadian people, is not worth its salt. It has forfeited its right to the respect of the people and its right to govern the country. The only purpose of government is to minister to human needs, to represent the people, to promote and safeguard their welfare. That is what people pay their taxes for. It may be that some of us here—and I would include myself, because I have seen something of the temptations to which apparently people succumb when they get a good salary and a good deal of comfort—forget the people who sent us here, the people who pay the taxes. Perhaps that is natural, but I am suggesting that we should bring to the solution of this problem all of our manhood, all of our sincerity and our energy, and work together to find the answer. I appeal to every member of this house, not as members of any party but as citizens of Canada elected and paid, as I am and as we all are, by the rest of the citizens of Canada to promote and safeguard

their welfare, to consider earnestly and sincerely how we may together solve these problems for all the people.

As I said a moment ago, Mr. Speaker, the people are not concerned with the fortunes of any party, but they are supremely concerned with whether we take hold of this job and do our duty like men. We may not meet with success immediately, but if we even start in the right direction and lay the foundation upon the principles of truth, justice and reason, those who follow will have not a jungle trail of selfishness, greed and hate but a broad highway of truth and knowledge along which to travel. This is not a political problem; it is an engineering and accounting problem. Let us get our committee appointed, let us get to work at once to assemble all the facts and then proceed together to work out the solution.

Mr. JAMES A. MacKINNON (Edmonton West): Mr. Speaker, it had not been my intention to participate at all in this debate, but it has occurred to me that as the lone Liberal elected from the province of Alberta there is a responsibility devolving upon me at least to state my position in regard to this matter.

The merits of this agreement have been discussed thoroughly and exhaustively, and in my opinion no good purpose can be accomplished by further traversing all the arguments so ably put forward during the debate. There is one point, however, to which I should like to refer. The right hon. leader of the opposition, the hon. member for Cargary West (Mr. Bennett) has opposed this agreement and has led his party in opposition to it, an agreement in the making of which he certainly had a hand. I do not want any member of this house or any reader of its proceedings to get the idea that the right hon. gentleman speaks in any way for any measure of Alberta public opinion.

Mr. Speaker, if this treaty were to be submitted to a referendum of the people of Alberta apart from any political prejudice, I am very sure that not only would it carry overwhelmingly, but almost unanimously. I wish to report to the house what I believe to be the public opinion of that province that I am interjecting these few sentences.

The right hon. leader of the government (Mr. Mackenzie King) has been criticized for the speed with which he has brought these negotiations to a successful conclusion. To us in Alberta that was a hopeful sign, a promise of action and an indication of a readiness to put quickly into effect the overwhelming mandate given him from all parts of Canada. So, on behalf of the great volume of progressive Liberal thought in Alberta—and one is wrong who thinks the limited Liberal representation in this house belies that statement—I wish to congratulate the right hon. leader of the government and his colleagues upon their achievement and to thank them for so quickly and so successfully bringing about this very excellent trade agreement.

Mr. FRANK BLAIS (Chapleau) (Translation): Mr. Speaker, this being my maiden speech in the house, I am pleased to congratulate you on your election to the speakership and also to extend my congratulations to the right hon. Prime Minister (Mr. Mackenzie King) for having proposed your nomination to this office and to the Minister of Justice (Mr. Lapointe) for having seconded it.

As the representative of the constituency of Chapleau, I wish to voice my views on the reciprocity agreement. The county of Chapleau is already a very important one from the standpoint of agriculture and colonization, and I am free to state that, in the near future, it will be, of all the counties in the dominion, the one where agriculture, mining and forestry operations will reach the highest degree of development. No better news could have been conveyed to us than the announcement by the Prime Minister of the signing of this trade agreement with our neighbours to the south.

It was with great pleasure that I read in La Presse, of August 3rd last, that one of the principal features of the Liberal party's program was the negotiation of a reciprocity agreement with the United States at the earliest possible moment, in the event of it obtaining the confidence of the people on the 14th of October. As we hoped, the results were most wonderful. The triumph was without precedent in the history of Canada.

I therefore beg the hon. the Prime Minister and his colleagues to accept the congratulations and thanks of my constituents for the prompt execution of their promise.

I am highly pleased with the reduction of $2 per thousand feet in the duty on Canadian sawn lumber exported to the United States. The production of sawn lumber in my county amounts to about 35,000,000 feet per year, and, thanks to this agreement, we shall be paid $2 more per thousand feet, representing additional receipts of $70,000, which will be highly appreciated by us. The increase of $2 per thousand feet on our sawn lumber enables us to pay to the men in our winter camps $50

and more per month, including their board; these wages are highly deserved by skilled woodsmen. The reduction in duty will prove generally advantageous to all lumber merchants who avail themselves of its benefits.

On the 5th of February last, at the Mount Royal Hotel in Montreal, a general convention of Canadian and American lumbermen met for the purpose of considering trade conditions and changes likely to occur as a result of the reciprocity agreement which, at the time, had been in force for thirty-five days. We asked a straight question to the American lumber merchants as to how they were affected by the treaty. The reply made by Mr. Kennedy, of New York, shows that the tariff reduction was in our favour. It enables us, he said to offer you $2 more per thousand feet; we are pleased with this lowering of the duty and we trust to be in a position to continue dealing with you.

Mr. Speaker, the general increase of $2 per thousand feet on approximately one billion feet of sawn lumber, which is the yearly cut of Canada, means for us a profit of $20,000,000. This tariff reduction alone, therefore, represents a substantial gain for Canada.

Some hon. members from the prairie provinces inform us that the cattle industry is the one that benefits most by this treaty; of that I am quite pleased. Two reductions alone, on cattle and on sawn lumber, will give us annual profits of over $40,000,000. Although they constitute the most important items, they nevertheless show how valuable to Canada the agreement is, without taking into consideration the numerous other items that will prove beneficial to us.

Some hon. members opposite seem to think that the treaty might have a detrimental effect on the prices of our vegetables, especially carrots, cabbages, etc. I may say that, on the contrary, these products have gone up ¼ cent per pound since the treaty has been in force.

They also speak of imports of American farming implements which are likely to harm our Canadian industries. I do not think that these gentlemen are in earnest. In the manufacture of farm implements Canadian hardwood is used, which is partly imported from Canada and therefore becomes fairly costly in the United States, the freight amounting to $14 per thousand feet, to which is to be added a duty of $2. So, I fail to see how unfair competition can be waged by American factories.

As to our Canadian companies, they are in part, branches of American concerns located here and they know quite well how to look after their own business in either country. Why then such prohibitive prices in Canada? I consider them unfair and detrimental to the purchasing power of our farmers. I note with a good deal of satisfaction that the government has arranged to investigate the increased prices of farm implements manufactured by these companies; such an inquiry should produce excellent results and be of a great benefit to our farmers.

Mr. Speaker, I wish to congratulate the members of this house who, realizing the importance of this agreement, have given it their unreserved support, mindful as they were of the fact that for years past we have suffered great hardships. Had this agreement been approved in 1911, the depression we are now going through would not have been so severe. We suffered from overproduction while having at our very door, a market for our surplus production. We could have benefited by it had we concluded a trade agreement with the United States. No longer shall we have to deplore that grave error. Great advantages have already accrued from this agreement which has been in force only a short time ago. We may then rest assured that within five years this arrangement will prove to be a great boon to our people, while being helpful to our neighbours in the United States.

The right hon. leader of the opposition (Mr. Bennett) should support the measure and thus compensate to a certain extent the harmful effects of his five years of power, during which he sometimes wanted and sometimes did not want a reciprocal trade arrangement. Again, I wish to sincerely thank the right hon. the Prime Minister for the excellent work he has accomplished as well as for the splendid triumph he achieved on the 14th of October last.

Mr. A. M. EDWARDS (Waterloo South): Mr. Speaker, I rather hesitate at this late hour of the debate to inject into it what I have to say with regard to this trade agreement. First I should like to take this opportunity to congratulate you, sir, and your deputy upon your appointment to the high office that has been conferred upon you. Having known you both for a considerable length of time in this house I feel perfectly safe in your hands.

I have listened with careful attention to the debate on this proposed trade agreement. It appears to me that the problem before us resolves itself largely into deciding whether on balance we are securing favourable treatment or whether we are paying too much for what we get. In other words, are we not dropping the substance for the

shadow? Trade arrangements in various forms, ranging from unrestricted reciprocity many years ago, have come down through various governments, each having the desire for freer trade with our neighbours. I have no intention of entering into a controversy as to who originated the idea of freer trade with our neighbours; I feel that for a long period of years all governments have had that desire. It is just a question of what business deal could be made. As I see the situation, the different arrangements that were proposed by those who negotiated for the United States were always such that were we to accept them holus-bolus we could never retain our self-respect, let alone the solvency of this country. When the Underwood tariff was in force in the United States we had a very fair trade arrangement. Under that tariff our exports to that country amounted annually to the very substantial sum of $503,000,000 worth of goods. Under the Fordney-McCumber and the Hawley-Smoot tariffs raised by the United States against Canada these exports dropped almost to the vanishing point.

We are asked to sanction a trade arrangement which to my way of thinking will practically sacrifice our industrial life—I say that advisedly—and in return we are to receive what at the most is problematical, some benefit to our primary producers. Far be it from me to say anything against the primary producers of Canada receiving all the benefits they can get. I happen to represent a riding which is very largely industrial but is also largely rural. We have in the county of Waterloo an ideally balanced situation in which between ninety-five and ninety-eight per cent of the produce of the farms is consumed in the county. The same condition applies also to adjoining counties. After a careful survey of this proposed trade arrangement, which I would like to support if I possibly could see my way clear, I believe it will not put a single dollar into the pockets of the industrial workers of Canada, except, as has been stated by many speakers, by the circuitous route of putting more money into the hands of the farming community and thereby raising their purchasing power. That is agreed by all; there can be no doubt about it. As I see the matter, this agreement will not put one dollar directly into the pockets of industrial workers of Canada. To the extent that it will put scores of thousands of dollars into the pockets of industrial workers in the United States making goods for exportation to Canada, to that extent will it take the same number of dollars from the pockets of Canadian working men and women. To the extent that men and women working on goods to be exported to Canada from the United States are taken out of the ranks of the unemployed in that country; to the same extent are men and women placed on the unemployed list in this dominion. Because I cannot bring myself to the belief that the agreement will in any material way assist the industrial workers of Canada, I cannot bring myself to the point at which I can vote for the resolution. I shall vote against it, for the good and sound reason that it is not in the interests of the industrial workers of this country.

For a few moments I shall direct my observations to one industry, one which I believe offers a fair example of what may happen in other industries which at present are supplying the demand in our home market. Although my observations might apply equally to many other lines of manufacturing I shall content myself with speaking about furniture manufacturing. The manufacturing of furniture is an extensive industry in Canada, and is located chiefly in Ontario and Quebec. The factories in Ontario are to a great extent found in the smaller towns and municipalities.

What will happen to the furniture industry as a result of the reduction in duty from forty-five per cent to twenty-seven and one-half per cent? This reduction means a decrease of forty per cent on the tariff which previously obtained. Any hon. member from a riding in which the furniture industry operates knows very well the serious difficulties under which it has operated during the last few years; there can be no doubt about that. Any other hon. members coming from constituencies where wood-working machinery is manufactured know very well the sad condition in which that industry has been for the last five or six years. I say therefore that anything tending to injure the furniture industry is not in the best interests of Canada. I hope to be able to prove that this industry is not represented by great accumulations of capital, nor has the industry exploited the consumer. I suggest that it is entitled to fair and honest treatment. It has been struggling against adverse conditions and, as stated by the hon. member for Kootenay East (Mr. Stevens), part of the difficulty—not all of it—is within the industry. Certain over-production and over-building have taken place. I suggest, however, that that is only part of the trouble.

This over-development and the consequent hardship brought about by mass buying of

large departmental and general chain stores has resulted in a most unsatisfactory condition. This point was made abundantly clear before the price spreads commission. I had the honour to serve on the commission and to hear the witnesses called before it. It was established beyond question that mass buying resulted in squeezing down the producer's price to a point below the cost of production. This in turn had the result of lowering the wages of the workers.

The condition in this industry in its present form is bad enough, but if we are to be subjected to large importations from the United States this will mean greater hardships. I am satisfied it will mean the wiping out of many factories. According to the bureau of statistics 383 firms are listed as manufacturing furniture. When we analyze this we find that sixty-three firms are manufacturing allied lines; they are not making household furniture. Then about 230 firms are what might be described as repair shops. Boiling down the list we find that there are only eighty-one bona fide furniture industries turning out household furniture for the Canadian people. Of those industries sixty-eight per cent are in Ontario, twenty-five per cent in Quebec, and seven per cent in British Columbia. Many of the plants are located in the smaller towns. The hon. member for Huron-Perth (Mr. Golding), will bear me out when I say that many furniture industries are located in the smaller towns of Ontario, although some may be found in the larger centres. In the small towns these industries are, in many cases, the only means of livelihood for a great part of the population.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

COPYRIGHT ACT

The house resumed from Friday, February 28, consideration of the motion of Mr. Esling for the second reading of Bill No. 7, to amend the Copyright Amendment Act, 1931.

Mr. W. K. ESLING (Kootenay West): The Secretary of State (Mr. Rinfret) has announced that he intends to bring down a bill to amend the Copyright Act and he has asked me to let this bill stand. I am quite agreeable, but I should like to know if he can indicate when his bill will be brought down.

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, I am hardly in order in replying to the hon. gentleman because I have spoken already to the motion for the second reading of this bill. However, with the permission of the house, I would say that I intend to bring down a bill within a very short time.

Motion stands.

CIVIL SERVICE ACT

The house resumed from Friday, March 6, consideration of the motion of Mr. Boulanger for the second reading of Bill No. 9, to amend the Civil Service Act (vacancies, outside service, priority to returned soldiers.)

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, in rising to speak to the motion for the second reading of this bill, I desire first to congratulate the hon. member for Bellechasse (Mr. Boulanger), not so much upon bringing down the bill as upon the moderate way in which he has advanced his argument. This is a matter with which parliaments are faced from time to time. The Civil Service Act is a very complex and involved one. If hon. members will look back they will find that at regular intervals the governments of the day have been asked to review or amend the act. When I first came into the house in 1920 one of the first debates to which I listened was on this matter, and it has been coming up every three or four years since then. It might be noted that this matter is usually initiated by a member of the party in power, but I do not say that in any spirit of criticism; the motive for that appears quite natural.

There is in the act itself a spirit of amendment. The act leaves to the civil service commission the devising of regulations which are very extensive in scope. Under section 59 the commission has power to exempt a certain number of positions from the provisions of the act when it considers that those positions cannot be properly filled in the ordinary way. Section 59 reads:

> In any case where the commission decides that it is not practicable nor in the public interest to apply this act to any position or positions, the commission may, with the approval of the governor in council, exclude such position or positions in whole or in part from the operation of the act, and make such regulations as are deemed advisable prescribing how such position or positions are to be dealt with.

That is a very important section and it shows without any doubt that there was in the minds of those who framed the act the belief that it could not be applied one hundred per cent; that a certain number of positions should, if necessary, be freed from its

operations. This being so, it is only natural that individual members, having a conception of their duties as such, should come before parliament from time to time with suggested amendments to the Civil Service Act. The former government amended the act in 1932 rather extensively, and on previous occasions the act has been modified or changed by preceding governments, either by straight amendments or by making use of this section 59.

The hon. member who introduced this bill has been careful not to make it a partisan one. In presenting his argument he has been careful to quote from all parties and groups and he has shown conclusively that there has been constantly in the minds of hon. members an anxiety to improve the act from year to year. He has pronounced himself in favour of the merit system and in that respect we are with him; we all desire to maintain the merit system. I can go even further—and I believe hon. members will be with me on this—and say that we desire also to take away from the ordinary business of hon. members and ministers the necessity of having to provide positions in a wholesale manner and in that respect waste precious time that could be much better consecrated to work for the general good. I am reminded of a remark once made to me by a visitor who found my office rather full with callers. He told me that he thought if I were able to bring down in parliament a single measure for the general welfare of the public, I would be doing more good and helping more people than by securing appointments for all those who called on me. Let there be no mistake as to how the government and I stand on this matter. We stand for the merit system and we wish to maintain it as much as we can.

However, I should like to quote a very eminent member of this house. When he was Prime Minister, the leader of the opposition (Mr. Bennett), dealing with a bill similar to this one in its general aspect, asked who was to determine merit. The act itself foresees that there may be cases where positions cannot be filled by examinations, where the appointments would have to be made in another manner. In an effort to maintain the principle of the act, one parliament after another has made an effort to improve it in certain of its particulars. Because the present bill is sweeping in character, I for one, and in the name of the government, would not suggest that the house should accept it in its present form. It is only fair to state that the civil service itself has been somewhat ill at ease over this bill. I could quote from many documents received from different associations of civil servants to show that there is no disposition on their part to accept the bill in its present form. I have before me a letter from the president of the Civil Service Federation of Canada, and I have also a clipping giving particulars of a long interview with the national secretary of the Amalgamated Civil Service of Canada. I could give many quotations—I shall not as that is not my purpose in rising to-night—to show that the civil service, and I believe a large portion of the public, are not satisfied with the bill as it is.

The bill deals with many different questions. It deals first with the outside service; then with returned men, not only those who served with the Canadian forces but those who served with the allied forces as well; it then deals with returned men who did not reside in Canada at the time of the war, with promotions and other matters. These are different questions that could form the subject matter of different bills, and there is a danger that if we should take action on this bill one way or the other, on the one hand we might be approving of too much, or, on the other, in disapproving of the bill as a whole we might be setting aside some of its features which seem more desirable. Having all that in mind, I would suggest that the house might pass the second reading of the bill with the understanding that it will be at once referred to a special committee for study, and I have such a motion before me. That committee would report during the course of the session, and I think the house would then be in a better position to judge of all the features of this bill. I therefore suggest that we adopt the bill on second reading so that I may move its reference to a special committee. I hope the hon. member in charge of the bill will be satisfied with that suggestion

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the adoption of the principle of this bill is the negation of everything that this house has declared for during a period of many years. I had assumed that probably some member representing the government would suggest that the bill be referred to a committee. That can be done only after the second reading; the second reading of this bill implies approval of the principle, and I regret that I find it impossible to accept the principle.

The first part of the bill is very simple, and the hon. gentleman who introduced the measure (Mr. Boulanger) took a considerable time to stress that part in order, I suggest, to make his references to the second part of the

bill a little easier. This was good tactics, but I do not think it served the purpose because it is quite clear that the aim of this bill is to restore patronage in every sense of the term. That is what it is, purely and simply, and we might as well face that fact.

Now, is this house prepared to go back to patronage? I am perfectly satisfied that fresh from the people the government of the day is besieged by members who desire that some Conservative in the civil service of the country should be removed and somebody else appointed in his place who was more given to support the government of the day. There is nothing new about that; it has been going on for a long time, and I suppose it will continue to go on for a very much longer time because human nature does not change just because there is a change of government. Human nature is much the same to-day as it was yesterday. I fancy that there are in Canada thousands of people who say that the late government did not do their duty in removing men who were violently Liberal and replacing them by Conservatives, but on examination we found that these men had discharged their duties, done their work in accordance with the rules and regulations, and had never interfered in politics, because if they did they were removed from office on the certificate of the member, or an investigation might be held if it were thought desirable. Now, are we prepared to go back to patronage or not?

The hon. gentleman quoted from some observations made by myself when his former bill was under consideration and referred to a committee of the house. I said that the question was: who was to determine merit? I asked that question because of a certain appointment that I had investigated that was made in a certain town between Winnipeg and the head of the lakes. It turned out in the final analysis that the question of the fitness of the man who was the successful applicant for the position was determined not by the civil service commission but rather by somebody on the ground who said, "Of the applicants, he is the best man."

Mr. BOULANGER: That is the general rule, if I may point out, so far as the outside service is concerned.

Mr. BENNETT: I am coming to that. I pointed that out to the civil service commission and to the committee which was subsequently appointed for the purpose of considering the matter. It was at once seen that some improvements should be made, and an improvement was made. In other words, the civil service commission accepted responsibility to a greater extent than it had theretofore done, so that some local person who was favourable to the appointment of a particular individual was not able to ensure his appointment regardless of other considerations.

As the matter stands to-day, there is a competitive examination, and there are, we will say, half a dozen candidates. As a result of the examination A is first, B second, then C, and possibly D. D, being a returned man, gets the preference and secures the position. The objection to including in the category of returned men those who have served in other branches of the service than the Canadian forces is not one about which I think the house would worry. I should fancy that most of us would realize that under present conditions the necessity that induced the framing of the law in the terms in which it was framed has largely disappeared and that possibly if the preference is rather for Canadians, those who enlisted in Canadian units, the difficulties would be overcome. But there are still other difficulties that arise in respect of men from other countries enlisting in our forces in the earlier stages of the war. However, I pass that by.

But when it comes to a question of taking the outside service entirely away from the commission and putting it into the hands of the government and the members of the House of Commons, that would in effect be providing that whenever there is a change of government there is a change in the outside service of this country. Stripped of everything—and we might as well look it fairly in the face—that is just what it means. For my part I cannot bring myself to believe that is the proper thing to do, and I do not believe any hon. member, calmly and quietly sitting down and considering this matter from the standpoint of Canada, will conclude that that is a desirable thing to do; nor do I believe many hon. members on second thought will regard it as desirable even in their own constituencies that that should be done.

There is a third class which is dealt with by this bill which introduces patronage perhaps in its worse form, and that is with respect to professional and technical appointees. It is provided in reality that the minister of the day of any particular department can remove anyone in that department he pleases, and, having removed him, can appoint whoever he pleases in his place, certifying that the person is qualified for the particular duties of the position. Now, under existing law the governor in council determines whether a man should be removed from office for cause; that is, the governor in council takes the final action. But this bill would substitute

for the governor in council the head of the department, the minister, and I do not believe, sir, there is any minister who desires to be charged with that responsibility. I know what the pressure would be; there is not a member of this house who does not know what it would be.

I go a step further. I turn to the last section of the bill on page 3, and although it is not within the rules to discuss the bill section by section when dealing with the principle on the second reading, it is quite clear that the only way in which the real significance of the proposed section 64 of the Civil Service Act can be appreciated by the house is to look at the section itself, which reads:

> Professional and Technical Positions
> 64. (1) Whenever, in the opinion of the head of a department, or the deputy head, the knowledge and qualifications required for a position in the civil service are, wholly or in part, professional or technical, the commission, on the request in writing of the head of the department, may appoint to the said position a person mentioned in the said request—

In other words, the commission is then bound to appoint the person named by the minister. The section goes on:

> —provided the head of the department has stated in his request that the person recommended possesses the required knowledge and qualifications and is duly qualified as regards health, character and habits.

In one case that I know of where an effort was made to obtain the appointment, during the last five years, of a certain person, this was suggested as a very desirable way in which to accomplish it; that is, that the appointment would still be made by the commission but that the minister would name the person to be appointed and he would be appointed forthwith by the commission. Now, are we prepared, sir, to do that? Is the house prepared to accept that principle?

I think I can speak with some degree of, shall I say, painful understanding of this matter, for if any man has suffered by reason of not yielding to that particular form of attack in connection with the civil service, that man was the head of the late government. The effort that was made to do away with what has been done during these years was very great, and it required a good deal of resistance on the part of members of the administration to thwart that effort. But why was it resisted? It would have been easy to introduce a bill such as this, have it passed through the house and thereby create a new patronage list for the outside service and professional technical men. Why did we not do this, and why do I suggest that this government will not do it?

First of all, we are endeavouring slowly to build up in Canada a civil service of which we can be proud. This has been a slow process. If any hon. members look back to the days when this country was formally established, from 1870 down through the eighties and the early nineties, and realize how difficult a task it has been to try to get into the minds of the people themselves the desirability of having a civil service that would be permanent in their positions, of supplying some provision for their old age, and of making the service a career, they will realize that we have made real progress. Having made progress up to this point, to compare our civil service with that of Great Britain is very much to our own detriment, because there it has reached the point at which no member of the British House of Commons would think of suggesting appointments in connection with postmasterships and matters of that sort in his constituency. Somebody might casually mention it, but that is not a matter that members deal with; it is entirely out of their hands; they do not desire to deal with it. How are we going to create in Canada a similar state of public opinion to that which prevails in Great Britain in connection with their service? We can do this only by frowning down measures such as this.

To give second reading to this measure at this time means that I, from my place in this parliament, have approved of the principle of patronage being restored in Canada. That is what it means. I suggest to the hon. gentleman who has introduced the measure that, if he were to abandon the latter part of his bill—the two should never have been put together—and keep the first part, there is something which the committee might discuss fully and carefully, and upon which it might arrive at a conclusion, one that would be in the public interest to arrive at and report to this house upon. But to ask us now to approve this means that the committee can do nothing more than say yes or no to it. A committee that is set up by the house to consider this question must be a committee that is going to say: We must have patronage returned. That is what it means, and that is the reason I say that we ought to look at it fairly. Do not let us blind ourselves with any specious reasoning about the matter, because there is no getting away from what it means. A committee such as the Secretary of State (Mr. Rinfret) has suggested, if it were set up to deal with this bill, must of necessity say,

if we give the measure second reading: There will be a return to patronage in the outside service and the professional technical services of this country.

Mr. GRAY: At what stage did the right hon. gentleman refer the Gagnon bill to a special committee?

Mr. BENNETT: At the very start of it, and the reason was obvious. I have already given the reason; I do not know whether the hon. gentleman has followed me. The Gagnon bill dealt with two problems. One of them was this: It dealt with the question of merit, and I undertook to point out why I was willing that the bill should go to a committee. The reason was that I was desirous to have it settled once and for all whether the civil service commission could divest itself of its responsibility by sending somebody off somewhere a thousand or twelve hundred miles from here to ask a question upon which the ultimate appointment would depend. We set ourselves against that as strongly as we could, not because it meant the return of patronage in the worst sense, but because it would be injurious and inimical to the interests of the service as a whole.

There is one way in which this matter might be dealt with. If the hon. gentleman would take the trouble to look up the proceedings—I have not looked up the debate since that occasion—we would be relieved from committing ourselves to a principle of the bill—

Mr. MACKENZIE (Vancouver): Which was done on several occasions in the last five years.

Mr. BENNETT: Yes, but that was not what was before us.

Mr. GRAY: That was said by the Secretary of State.

Mr. BENNETT: No; the Secretary of State did not say that; he said quite the opposite. This bill could easily be brought within the provisions of such a suggestion. As it stands now it contains, as I say, two distinct principles, one of which is arguable and can easily be disposed of, the other of which will be disposed of ultimately in this house—this question whether or not we shall see a so-called return to patronage. By following this course the Secretary of State commits himself to no principle and relieves himself of any obligation. I know in how difficult a position a government is in regard to a question of this kind. I have been through the same difficulty. Do not think that I do not appreciate the position of members of the treasury benches with regard to this bill. If the members of the house commit themselves to no principle, with the understanding that they are not in any sense agreeing to the return of patronage or to placing the outside service in the hands of members of parliament or of the administration, I am not going to embarrass the administration by pressing the question of the principle involved in the second reading. I think it would be very wrong for me to do so, because during the last five years, when we were hurrying legislation through, frequently—

Mr. MACKENZIE (Vancouver): If the right hon. gentleman will allow me to interrupt, that very thing was done when the central bank bill went through the house. The leader of the opposition at that time said that we were in favour of the principle of having a central bank, but not of the principle of private ownership, which was contained in that bill.

Mr. BENNETT: There was the wheat board bill; I recall several of them. But it was stated that, if it went to committee, there was to be no acceptance of the principle nor acquiescence in the principle. I can only say for myself—I cannot speak for others—that I have no desire to embarrass the administration, but I wish to make it abundantly clear as far as this bill is concerned that I am unalterably opposed to its principles, as I was in regard to the Gagnon bill. At that time I made it abundantly clear both in and outside the house that we were not prepared to return to patronage in the outside service, or to abandon the technical men to the ministers, or to leave the appointment of deputy ministers to the caprice of any minister, however eminent he might be. If the suggestion conduces to the orderly conduct of business, and the minister makes this point abundantly clear, I personally, though I cannot speak for anyone except myself, would agree.

Mr. RINFRET: I desire to state that that is the very thing I had in mind. I tried to make it clear that we were not committing the house; that the house was not committed to the principle of the bill, but as some sections appear to be good, and others very debatable, I suggested as a means of understanding that the bill should go before a committee. I repeat again in the name of the government that there is no desire whatever to have the house committed to the principle of the bill except in so far as it is expedient to study further the matter of the civil service appointments.

Mr. C. G. MacNEIL (Vancouver North): I am astonished and dismayed to learn from the remarks of the minister (Mr. Rinfret) and the sponsor of the bill (Mr. Boulanger) that the government is even willing to entertain the idea of a return to patronage.

Mr. CRERAR: No; that is not right. That is not the case at all.

Mr. MacNEIL: As I read the bill, one section excludes from the jurisdiction of the commission the outside service; other sections deal with promotion within the service and the manner of appointment to professional and technical positions.

Mr. CRERAR: The government has not accepted this bill; let me make that clear to my hon. friend.

Mr. MacNEIL: As I understand the matter, second reading of this bill would commit the house to the principle of the bill. As explained by the bill certainly the principle thereof is a return to patronage in so far as it affects the outside service, professional and technical appointments, promotions within the service and dismissals from the service. The sponsor of the bill laid special emphasis upon the preference given former members of the allied forces. In that I think he dealt with a point of minor consequence. I find on consulting the records that in recent years comparatively few in this category have even attempted to claim the preference, and as I understand the situation, organizations of ex-service men would offer very little objection to some slight amendment in this regard. These organizations, however, are alarmed at this moment at the suggestion that the outside service should be removed from the jurisdiction of the Civil Service Act. Such a step would abolish the principle of competitive examination with regard to these appointments, and the preference formerly extended ex-service men would not be applicable in anything like the same degree.

It is well known to those who have studied the statistics in this regard that under the patronage system ex-service men have not enjoyed the preference of which they have been assured by the government. I point out to hon. members that at this time, when Canada is faced with the grave problem of caring for physically handicapped men, for the government even to consider a step that would not give them the preference that enables them in a degree to overcome these physical handicaps, would leave little ground for an appeal to employing interests throughout the country to absorb at least a small percentage of those disabled through war service.

I am not in the least misled by the phraseology of this bill. It is polite fiction to suggest that in all instances ministers should make these appointments. Recommendations actually are made by political patronage committees, and it has been the sad experience of ex-service men seeking, through local patronage committees, employment in the public service, that the preference of which they have been assured under the order in council governing same has not been extended to them as generously as has been the case under the provisions of the Civil Service Act. As the bill is phrased it would work some injustice to quite a large number of men, because it suggests that those who had their domicile outside Canada when they enlisted should be excluded from the preference. It is a fact that some men with previous Canadian residence enlisted in the Canadian forces while abroad, and in my opinion they should not be excluded from the preference under the Civil Service Act.

It is true, as the hon. member for Bellechasse (Mr. Boulanger) has suggested, that there appear in the estimates from time to time items providing for exemptions from the Civil Service Act, but it is noteworthy that in many of these instances the departments concerned have not exercised the authority so obtained but have actually referred such appointments to the civil service commission for selection through competitive examination. I might refer to the appointment of inspectors for drawback claims under the Department of National Revenue. The department referred these appointments to the civil service commission and secured excellent results from competitive examinations. I believe also that a number of appointments in the Department of External Affairs were made in this manner with excellent results, even though authority previously had been obtained by the department to make the selection without reference to the civil service commission.

The sponsor of the bill made some reference to delays and levelled some criticism against the manner in which the civil service commission has made appointments. If we study carefully how step by step parliament has endeavoured to accomplish civil service reform, how step by step it has established throughout the public service of Canada the merit principle based upon competitive examinations and how step by step it has endeavoured to assure civil servants of some security of employment, we must agree that

it would be a serious, retrograde step at this time to abolish the merit principle to any degree and to place some 25,000 of these employees under the patronage system. I think it is not generally recognized that this bill would affect something like 25,000 employees of the outside service, and would abolish as far as they are concerned the assurances formerly given with regard to promotion on merit, dismissal only for good cause or for other than political reasons and so on, together with protection against appointments being made for purely political reasons. I suggest that at this time the proper step is to consider not the abolition of the merit principle but those steps that may be taken to improve and strengthen the facilities of the commission and to establish more definitely the merit system in appointments to the public service. Only in that way can that preference be assured which the country has generously extended to the ex-service men.

Some criticism was also directed against the commission with regard to their methods of conducting examinations. The sponsor of the bill stated that it was absurd to expect that three men could pass on all the applicants for any position in the civil service. It should be understood that the attempt is not made by three men to examine all these applicants. As a matter of fact, if we carefully analyze the work of the civil service commission we shall find that, to the extent that they have been provided with the necessary means, they have built up an expert examining staff. Provision has also been made for these examiners to visit various points in Canada to conduct either oral or written examinations. The manner in which improvement may be brought about is in the extension of these facilities rather than in their wholesale abolition as is suggested in this bill.

With regard to appointments to technical and professional positions, I think it is well to note that under the provisions of the Civil Service Act the commission from time to time has appointed advisory boards of experts, on which the departments have been represented. In this way departmental interests and the efficiency of the public service have been adequately safeguarded. I think if we take the long view of the situation we shall find that this procedure has resulted in the selection of the most competent men available for the positions and, in a very marked degree, has enhanced the efficiency of the public service.

Stripped of all its disguise, this bill suggests a return to the "spoils" system, and I am at a complete loss to understand why the government should even entertain a bill drafted in this form, definitely adopting the principle of patronage as applied to the outside service and definitely suggesting that political influence should dictate dismissals from the public service and the manner in which promotions should be made within the service. It would destroy for civil servants all semblance of permanency of employment, and would tend to drive away qualified young men by minimizing the attractiveness of a career within the public service. In my opinion this bill if adopted, even in principle on the second reading, spelling a return to patronage, would mean the undoing of the work of classification and organization which, at a cost of thousands of dollars, has put the service on somewhat of a businesslike basis. It would suggest the creation of unnecessary but highly paid offices to satisfy the demands of political workers, the result being greatly increased expenditures which fall upon the shoulders of the taxpayers of the country. It would mean extravagant salaries, out of all proportion to the services rendered. It would mean an inefficient public service. The merit system not only attracts candidates of the best calibre for government positions, but also, by fair competition, selects the best available persons.

The bill, if adopted, would mean the abolition of the preference now accorded to returned soldiers in regard to government appointments. Ex-service men are not fooled in this regard. If appointments to the public service are made through patronage committees, no one is made aware of the positions to be filled except the favoured few who enjoy the good will of the party in power, and unless positions are widely and fairly advertised the preference to ex-service men is ineffective. The adoption of the patronage principle would be in every sense a retrograde step. In this connection it is interesting to note that even that powerful political organization in New York known as "Tammany" most definitely supports appointments by the merit system. Even the charwomen scrubbing the floors of the city hall must be certified by the civil service commission of that city.

Going back over the years I note that practically every parliamentary committee dealing with the matter of appointments to the civil service has recommended that such appointments be based on merit only, and every one of those committees has definitely expressed opposition to the patronage system of appointments. It is recognized throughout the years that the efficiency of the public service clearly depends upon competitive examination of candidates and appointment by merit. It is interesting to note the history in this regard during the early years of con

federation. As far back as 1877 a committee of this house stated:

> The practice of making appointments by political patronage was considered by most of the witnesses to be bad both in principle and in results.... This system has been found to lead to great practical evils....

It was suggested at that time that recommendations for appointments should be by an independent commission. That is important evidence when we consider that it was given in the days when patronage was rife and when if at any time they were in a position to recognize any merits there might be in appointments under the patronage system.

Subsequently in 1881 a committee made some very definite recommendations against patronage and in favour of appointment by merit. This was done again in 1892 and in 1908. Then there is the report of a committee dealing with the Spinney bill, and later still the committee of which the late Hon. James Malcolm was chairman, who said:

> Your committee is of opinion that the two fundamental principles of the Civil Service Act are the merit system and the system of appointment by competitive examination, and that both these principles must be preserved.

I have a note also of observations made more recently by our political leaders. Right Hon. Sir Robert Borden stated:

> We must not shut our eyes to the abuses that have arisen and to the general demoralization in the public life of the country when the reward of office is regarded as a fair exercise of the party power.
>
> We want in Canada a system of appointment by competitive examinations.

The Prime Minister (Mr. Mackenzie King) on a certain occasion stated that:

> The whole purpose of civil service reform was to remove altogether the possibility of ministers acting in a partisan way. If a measure of this kind (the Spinney bill) is permitted to pass it is setting back in a very real and substantial way the efforts of the past few years in the direction of civil service reform.

Again on another occasion the Prime Minister, speaking against the Spinney bill, said:

> It is a step entirely in the wrong direction.

On March 30, 1933, the Prime Minister, dealing with a suggested amendment to the act with regard to appointments to the penitentiary service said:

> This resolution involves the introduction of a bill which means a departure from the merit system and a return to the discredited patronage system with respect to appointments in connection with the penitentiaries of our country. In a word, it will make political machines out of the penitentiaries, and I want therefore to take very strong exception, at the very outset, to the passage of this resolution.

Again on the same date he said:

> Although there are certain distinct limitations with respect to the manner in which the civil service commission has operated, nevertheless if we weigh the advantages against the disadvantages, particularly in regard to the great majority of appointments, the argument would be wholly in favour of retaining the merit system and promotion under it, rather than introducing the old system of having appointments by patronage.

In view of all these recommendations of various parliamentary committees and these statements by the Prime Minister and others I find it very difficult to understand why the government should even entertain the suggestions in this bill. With some dismay I heard the remarks of the Secretary of State (Mr. Rinfret) this evening. There can be no doubt that the bill suggests a return to patronage with respect to some 25,000 to 30,000 appointments in the outside civil service. It deals largely with the Post Office Department and the customs service, large institutions which have achieved some efficiency because they have been freed in some degree at least from the interference of party politics.

For these reasons I find it impossible to support the bill on second reading.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): The hon. member for Bellechasse (Mr. Boulanger) has been very ingenious in the bills he has introduced this year. In each case he has combined two separate bills. The first one was with regard to the post office services. I was in favour of one section of it, that referring to the possibility of doing away with the old tender system and having the carriers of mails paid on some regular basis. I think a good many of us were in favour of that aspect of the bill. But I have a suspicion that that was put in to cover up the other principle contained in the bill, that is the return to patronage, and some of us are so much opposed to the patronage system that we had to vote down the entire bill for that reason. We did not get a chance to discuss the first part which in my judgment was good.

Regarding the bill now before the house, the leader of the opposition (Mr. Bennett) said that the hon. member for Bellechasse the other night spent almost all his time discussing one particular phase of his bill, that is as to what particular class of returned men would come under the provisions of the measure. I myself think what the hon. mem-

ber for Bellechasse said had a great deal of merit. But it was only a little sugar-coating, as I think most hon. members recognized, in order that he might get away with the second part of the bill which is very vicious indeed. I am more than surprised that members of the Liberal party at large should countenance a bill of this kind. I think particularly of hon. members that I know from the west. I see the Minister of the Interior (Mr. Crerar); he is actually willing to concede the point and let this bill go to the committee. I am astonished that he should take such a position. I look at some other hon. members. I know there are certain members of the Liberal party who are willing to go to almost any length in reverting to the patronage system. I had hoped, however, that there would be a large number of hon. members of the Liberal party who would not under any conditions accede to any proposal of that kind.

When I saw the bill I thought probably it was just one of those bills which from time to time come before the house, and upon which a few private members have a chance to air their views and possibly to secure some publicity. I am disappointed indeed that the government, speaking through the Secretary of State (Mr. Rinfret), whose remarks were to some extent evidently endorsed by other hon. members of the cabinet, can possibly consider anything of the sort. I know there are one or two members of the cabinet who in the past as private members have unblushingly advocated a return to the patronage system. As a matter of fact I now see one of them smiling at me across the floor of the chamber. We rather admired the frankness of the hon. member for Quebec South (Mr. Power) who, while a private member, expressed such views. I submit, however, that he must now remember that as a member of the cabinet he occupies a different kind of position, and has responsibilities which as a private member he could not possibly have felt.

I take it that in advancing to any degree the passage of a bill of this sort the government assumes a decided responsibility. The right hon. the leader of the opposition has referred to that section dealing with professional and technical positions which, under the bill, would be given over to patronage. I should like to deal for a moment with the possibility of doing away with the control of the civil service commission over outside service. If that is good for the outside services it is just as good for the inside services.

Mr. BOULANGER: Quite right.

Mr. WOODSWORTH: The hon. member for Bellechasse (Mr. Boulanger) admits that. I take it that this bill represents the thin end of the wedge, and if it could possibly be passed this year—I think that is almost inconceivable—or if it could even receive consideration in committee this year, or next year, or at a later session, we would undoubtedly have another bill to do away with the control of the civil service commission over inside services. As a people are we prepared to take a retrograde step of that kind?

I confess that when I saw Liberals in this chamber holding such a large majority I became fearful that at this session, if not indeed for the whole parliament, we would have a stand-pat policy. I confess, however, that I did not realize that they would lend themselves to retrograde policies of this kind; I could not have conceived it. I think there are at least a certain number of hon. members in the Liberal party who have higher ideals for the future of their country.

Let me read section 49 as it stands to-day? The first part of it reads:

> Promotion is a change from one class to another class with a higher maximum compensation, and vacancies shall be filled, as far as is consistent with the best interests of the civil service, by promotion.

Surely that principle is a good one.

Mr. McLEAN (Melfort): If it works.

Mr. WOODSWORTH: Someone suggests, "If it works." I am aware that our civil service commission has not been as efficient as it should have been, and one reason, as we all know, is the pressure of hangers on who have continually been trying to undermine the commission. We know that. It has not been as efficient as it should have been.

Mr. McLEAN (Melfort): Is the fault not in the commission itself, and in its organization?

Mr. WOODSWORTH: I think there have been faults in the commission, yes. One fault is the way in which appointments are made to the civil service commission. Very often people who are partisan in their points of view are appointed to that commission. That is one of the real difficulties.

Mr. McLEAN (Melfort): Does the hon. member wish to leave in the hands of partisans the appointments of all civil servants in the dominion?

Mr. WOODSWORTH: I say that one difficulty has been that appointments to the civil service commission have too often been made as a reward of party service. But I

think it is quite possible that we may have appointments on some basis other than that of partisanship. If I may be allowed to mention one instance, I think our friend Mr. Bland is not partisan, but there are others who are. This has been one of the difficulties in the past. But if the personnel of the commission is not what it should be it is within the competence of the present parliament to see that we have better people on the civil service commission than there are at the present time or have been from time to time. There is no doubt about that. If the government does not feel itself capable of selecting any one who is non-partisan, I think some plan could be devised by which the house at large could make nominations, or whereby some body other than this house could make nominations in a non-partisan fashion. There are in Canada people who can be trusted to be fair. In times past that has not always been the case with regard to some members of civil service commissions.

Again, I quite frankly admit that in the conduct of its business the civil service commission has not always been efficient, but I do say that again and again to my knowledge they have been under considerable pressure from partisans outside the commission, and again and again we have had whole blocks of appointments taken outside the control of the commission, sometimes even with the nominal acquiescence of that commission. I should like to read another clause:

2. Promotions shall be made for merit by the commission upon such examination, reports, tests, records, ratings or recommendations as the commission may by regulation prescribe.

In the bill these clauses are to be entirely swept away. Promotion by merit is a fundamental principle, but the suggestion is now made that about 25,000 people are no longer to be allowed promotion by merit but are to be promoted simply because such promotions suit the whim of some individuals who for the moment hold power.

Mr. SPEAKER: The hour for private and public bills having expired, we will revert to government orders.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED APPROVAL SUBJECT TO LEGISLATION MAKING PROVISIONS EFFECTIVE

The house resumed consideration of the motion of Mr. Mackenzie King.

Mr. A. M. EDWARDS (Waterloo South): Mr. Speaker, when the house rose at six o'clock I was discussing the tariff arrangements between Canada and the United States, and particularly their application to the production of furniture. I made the statement that many of the furniture manufacturing plants are located in the small towns and have developed as a result of years of thrift and hard work on the part of men of moderate means. This industry does not represent a great accumulation of capital. In many instances the furniture factories offer the only means of employment in certain municipalities.

May I place on record figures from the bureau of statistics indicating the importance of the industry. With the permission of the house I shall place on Hansard figures showing the number of employees in the industry:

Year—	Employees
1924	9,187
1925	8,987
1926	9,800
1927	11,038
1928	12,539
1929	13,082
1930	11,980
1931	10,007
1932	8,348
1933	7,722

Index numbers of employment based on 1926 figures:

October 1	
1930	110.1
1931	98.2
1932	72.9
1933	71.7
1934	76.9
1935	76.9

It will thus be seen that there has been a steady improvement in this industry. It is quite obvious that if a flood of furniture, made in the southern states under conditions not similar to those pertaining here, is allowed to come into this country, this would have a devastating effect upon the industry. It may be argued that we have nothing much to fear from the furniture industry in the southern states, but I should like to disabuse the minds of hon. members by quoting Representative Lambeth, who made a speech in the house of representatives on January 17, 1936. Speaking on this agreement, he is quoted on page 596 of the Congressional Record as follows:

The most important Canadian concessions to the United States provide for direct duty reductions on items named in what is known as schedule 1 of the agreement. The grant to the United States on all other commodities of the lowest rates now or heretofore paid by any non-British country in place of the higher general rates is commonly known as the most favoured nation rate.

Referring to the arbitrary valuations, he said:

The south was especially hard hit by this system. Of particular interest to my own state of North Carolina is the reduction of Canadian tariffs on furniture of 40 per cent. Before 1930 the United States shipped to Canada furniture in the value of $4,667,000. This has fallen to $471,000, or a 90 per cent decrease.

If this forty per cent discount in the tariff is invoked, there is nothing to prevent a return of those conditions which prevailed prior to 1930. It may be said that furniture prices are exceedingly high, but I should like to point out some facts that were brought out by the price spreads commission. As was explained the other day by the hon. member for East Kootenay (Mr. Stevens), whereas in 1926 there were 1,645 retail furniture dealers in Canada, by 1934 the number had been reduced to 1,157 largely through the elimination of the smaller dealers. The commission found that the monopolistic control of the large stores and chain units had placed the producers at the mercy of these fewer channels of distribution. I should like to point out that while wholesale prices were reduced substantially during the depression, retail prices did not follow suit. As a matter of fact the retail mark-up on furniture, which was formerly around sixty per cent, was brought up to 100 per cent to take care of the overhead costs of some of the larger places of distribution. The producers of furniture were exploited by the mass buyers and the consumer did not receive the advantage of the low wholesale prices. These facts were brought out before the commission and they can be verified by reference to the report.

In 1930 when the duty of thirty per cent was placed on furniture, the industry used principally native woods. Some mirrors were imported, mainly from within the empire, as well as a small amount of hardware. But conditions have changed and the demand to-day is for a different type of furniture. Furniture sold in Canada to-day follows closely United States lines and as a result large quantities of lumber indigenous to the southern states have to be imported. It is also necessary to bring in high grade veneers and fancy hardware. All these items must be brought in under a substantial tariff barrier to enter into the composition of Canadian furniture. The style of furniture has changed very materially. In this country we suffer from what is known as a lag. In the United States they are from six to twelve months ahead of us in design, and in many cases their discarded lines of furniture are thrown on the market at sacrifice prices. This forty per cent discount on the tariff rates on the discarded lines at reduced prices will prove a great hardship to the manufacturers of Canada. With the permission of the house I should like to place on Hansard figures showing importations of furniture from the United States for the last ten years. They are as follows:

1925	$1,291,283
1926	1,821,705
1927	2,149,867
1928	2,935,208
1929	4,136,410
1930	2,977,572
1931	1,356,994
1932	417,558
1933	414,475
1934	475,232

It will be seen that in 1929 importations were valued at $4,136,410, but by 1934 these had been reduced to $475,232. During the period from 1926 to 1930 the importations became so large that the government of that day put into effect regulations which were really equivalent to a forty-two per cent duty. These regulations were put into effect by the Liberal government then in power. Furniture can be made in the southern states more cheaply than in Canada because of their close proximity to their woods, because of the cheaper labour available and the larger units of production. For many years the furniture trade in the United States has been unprofitable, as is shown by a table compiled by an association of accountants. This table, which I should like to place on Hansard, shows a drop from a profit from 3·42 per cent in 1928 to a loss of 6·90 per cent in 1934. The figures are as follows:

1928	3.42 per cent profit on sales
1929	1.06 per cent profit on sales
1930	3.00 per cent loss on sales
1931	10.93 per cent loss on sales
1932	23.26 per cent loss on sales
1933	4.21 per cent loss on sales
1934	6.90 per cent loss on sales

This accountants' review of the industry in the United States shows clearly that the losses in the past five years have been sufficient to wipe out the operating profits of the preceding five years. The result is that for a period of ten years the industry as a whole has operated at a loss of $1.63 for every $100 worth of furniture shipped. In the light of these facts it is quite evident that the slaughter of discontinued lines at heavy discounts has entailed severe losses, and it is the sale of these goods that has worked such havoc on the business of this country.

I should like to say a word or two about wages. During the years 1931 to 1935 this industry, in common with practically all others, suffered from a tremendous drop in values and a reduction in trade. These factors brought about conditions whereby over thirty factories were closed, wages were reduced to a low level and a serious shrinkage in the reserves of various plants took place. It was not the wish of the manufacturers to reduce wages, but the exigencies of the times compelled this action. In the spring of 1935 the Ontario government passed the Industrial Standards Act. The furniture industry was among the first to negotiate an agreement with their employees under the provisions of this act, and I am pleased to be able to say that this industry is now operating under an agreement between employees and employers based on this act. Progress is being made and the standards have been improved. Stabilization of wages has been of great value to the industry, and it is now on a sound basis.

Under the Collective Labour Agreements Extension Act of Quebec the furniture manufacturing industry of that province is now operating on a collective agreement basis. In British Columbia the industry is governed by minimum wage laws, but there is at the present time no legislation whatever governing minimum wage rates in the United States. As the manufacturing industry of Canada represents about fifty per cent of the value of production of the country, as pointed out by the hon. member for Danforth (Mr. Harris) at page 716 of Hansard of this session, surely the government should stop, look and listen before they interfere with the tariff on any industry without first having a thorough investigation.

I wish to make a few quotations from the report of the royal commission on price spreads with reference to the furniture industry. The commission says:

> The physical volume of production is estimated to have decreased from 1930-1933 by forty-four per cent, as compared with a decrease of sixty per cent in sales value. Even while demand was normal, the productive capacity of the furniture industry was not well balanced, so that this sudden drop in volume necessitated adjustments of the most painful kind. Surprising reductions have been accomplished in the overhead expenses, which are estimated to have declined over forty per cent from 1930-1933, but in spite of these economies the struggle for survival resulted in a heavy reduction in the return to labour. It was pointed out that during the depression nearly every furniture factory in the country was threatened with losses which could lead only to bankruptcy, and the efforts of the individual operators to remain in business resulted in the reduction in the general level of furniture prices well below the cost of production.

[Mr. Edwards.]

This is another quotation from the commission's report:

> A general adjustment in the price of manufactured commodities was, of course, necessary in view of business conditions, but there is little doubt that furniture prices have fallen more drastically than those of almost any other important industry.

The commission further says:

> The industry is not dominated by any one company or group of companies and as a result of extreme competition, efforts to maintain proper margins during the past few years have been conspicuously unsuccessful.

And in conclusion:

> In summary this industry presents an illustration of a completely disorganized body of producers, for the most part privately financed, dominated by no one organization or group of companies.

Just to show the house how serious the situation of the furniture industry is, may I quote from an article by Mr. Mihell, published in the riding of my hon. friend from West Middlesex (Mr. Elliott), in The Strathroy Age-Dispatch, dated February 6, 1936:

> H. Gordon Mihell, manager of the Middlesex Furniture Company, Limited, Strathroy, makers of bedroom, dining room and library furniture, yesterday gave this journal a statement concerning the effect which the new lowered tariff on furniture is having on the Canadian industry.

The article, after dealing with one or two other matters, proceeds:

> Mr. Mihell says: "The lowering of the tariff on furniture from the United States will certainly curtail production in this country to a great extent. Operations in Canada are not large enough to compete against the large American interests operating in the states, particularly the southern states, where wages are extremely low and where the firms are located usually in the centre of large areas of natural resources."

The article concludes by quoting Mr. Mihell as follows:

> Should this tariff remain unchanged, it will unquestionably necessitate curtailing our production, and this action will reflect back on our employees.

That I think is the exact position of the furniture industry, and I sincerely hope that before the government finally decides that this business will be subjected to a forty per cent decrease in the tariff, a thorough investigation will be made by the board that was set up for this particular purpose, namely, the tariff board, before which everyone who is interested can go and state his case, present the facts, and receive the judgment of the

board. But to adjust the tariff schedules relating to a particular industry without first making a proper investigation is an entirely different matter from having a scientific adjustment of the tariff, as we had hoped we would have when this tariff board was set up.

The greatest problem of the day in industry outside the problem of unemployment—of course, that is our worst, and anything that tends to aggravate the unemployment situation is certainly to be deplored—the greatest bugbear of the industrialists of this country to-day—and I have some knowledge of industry—is the instability of the tariff. Industry is never sure from year to year just what is going to happen with tariffs, and it would be splendid if the tariff were taken out of politics entirely, as it should be. It should not be a political matter at all. Everyone should have an opportunity to present his case before the tariff board, and if he can show proof that the tariff should be lowered, well and good, or if he can show proof that the tariff should be raised, an adjustment should be made accordingly. But to make these tariff changes just for the sake of getting votes, for that is what the situation boils down to, to throw the interests of an industry into the political maelstrom, and without any proper investigation, arbitrarily to alter the tariff with respect to any industry, is not the way to do business.

That is all I have to say on this subject at the moment, but when the items in the tariff schedules come before the house and the bill is under consideration I shall have something to say on other lines of industry. In the meantime I hope the government will seriously consider, when it comes to bring down the budget, making adjustments in the tariff that will be satisfactory to this industry and give it a chance of success.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I have been deeply interested in the remarks of the hon. gentleman who has just taken his seat (Mr. Edwards). We have been sitting here quietly now for some time, listening to this discussion back and forth across the floor of the house, on high and low tariffs, and if there is one thing which it has abundantly proved to me it is this simple fact, that you cannot change the tariff either up or down in this country without hurting just about as many people as you help. I think it is tragic to have that brought so vividly to the attention of this group of 245 serious-minded Canadians who have come here to try to find a solution of the difficulties which confront us, and to have that fact emphasized so many times.

One month ago I stood in my place in the house and said that I hoped that the promises which were either implied or definitely made either on the platform or through the press by the Liberal party during the campaign would be implemented in such a way that the credit of the dominion would be used for the benefit of the people. I visioned in that, Mr. Speaker, some sort of solution for the difficulties confronting us, but thus far I have seen nothing of the kind even hinted at in our proceedings up to date. We seem to have no thought of using our national credit to the advantage of this country. The fact that we take our tariffs so seriously has impressed me tremendously. When it is found that two men become exceedingly earnest over a question, so much so that each calls the other a liar and says that he is crazy and all that sort of thing, one can generally conclude that both are wrong and that the truth lies somewhere between them.

There are two parties here, made up of intelligent men; and may I, Mr. Speaker, express my appreciation of the type of men that we have in this parliament. I have great respect for them, on both sides; they are, on the whole, earnest, sincere men, anxious to do that which will help their country. To think that these men would be opposing each other with such vehemence over a matter like tariffs is to me a rather disagreeable thought. The truth lies somewhere between the two, or in some sort of adjustment.

This reminds me of a friend of mine who had periodically a serious attack of pains in the side of his face. Some of his friends knew something about doctoring, and they used to come in and say, "You must use this medicine, this ointment, this liniment; you must rub it in just right," all favouring external applications. He had some other friends who said, "No, take some herbs; take some internal remedies; take some drugs; they will cure you." And he tried first one set of remedies and then the other. Neither of them worked; and these men, evidently certain that a cure lay somewhere between the two, argued with each other and blamed each other for the patient's failure to recover. Each party listened to the other so much that gradually the men who believed in external applications began to think that maybe some medicine inside would help, and the men who believed in internal applications gradually came to believe that some liniment might

be useful. Finally there came a time when the advice of one side was almost like the advice of the other.

We have reached this point in the Dominion of Canada at present. The two parties have modified their views until they almost exactly resemble one another. One advocates internal treatment and the other external treatment, neither being able to cure the patient. This man finally got into a distracted condition, just as Canada is getting into the same state, and he went to a chiropractor who, after giving him an examination, discovered that there was a dislocation in the cervical vertebra of this man's neck; he adjusted it, and the patient recovered.

I fancy that some sort of adjustment is needed in this our economic body in order that it may recover. I wonder what sort of adjustment is necessary. I believe the serious consideration of parliament should be directed to this question of adjustment. I have become convinced, whether other members of the house share these views or not, that a cure does not lie in either of these two treatments. I am very much in sympathy with the remark of the hon. gentleman who just sat down that if there is a truth regarding tariffs—and we will all grant there must be—that truth should be discovered by experts and not by partisans arguing with each other out on the hustings, through the press, each one a little less informed about the truth of the matter than the other and arriving nowhere.

In my own constituency I find some very striking illustrations of the truth of the opinion that tariffs counteract each other. There are a number of people in the constituency who produce fruit. If we cut down materially the duties on fruit and let it in free to Alberta, two-thirds or three-fourths of my constituents will be very happy, but the rest of my constituents who raise fruit will be ruined. That is a serious matter.

Again, in my constituency there are two sugar factories. If we should raise the duty on sugar a little higher this would help tremendously the men engaged in the industry of beet raising, but if we did that we should hurt terribly all the people who have to buy sugar. I do not know where you could go, Mr. Speaker, to discover a better illustration of what tariffs do and do not do than in that one little constituency of mine. I think it is probably typical of the whole Dominion of Canada. And I am prepared to ask, in all seriousness and earnestness, and with a cooperative spirit: Do you suppose that there is in Canada any tariff that does not hurt pretty well as much as it helps?

The nature of our problem has been pretty well developed by speakers on both sides of the house. I think everybody recognizes clearly this simple fact, that our task is to restore internal purchasing power to the hands of the people. The question is, how to get it there. Will trade do this? It is true that if we protect a given industry, the people employed in it will undoubtedly have added purchasing power put into their hands through the development of that industry. But if we protect that industry we hurt another; we take purchasing power out of the hands of people over here and put it into the hands of people over there. And the question is: Is that going to do any good in the long run? All that it does is to set one section of Canada against another. Really I cannot see, looking back over the last twenty years, that it has done very much except that.

Then, does trade necessarily increase or decrease purchasing power? Let us, as intelligent men and women, ask ourselves that question seriously. If you will pardon another reference to my constituency, there are in it two little towns; one is Raymond, the town in which I live and which is deeply interested in sugar manufacturing. Thirty miles away is another town, Coalhurst, which is primarily interested in the development of the coal industry. Years ago, when many more men worked in the sugar industry than now, since machines have displaced men, and when many more men worked in the coal industry than now, for the same reason, there was some advantage in trading coal for sugar. But to-day, when machines have largely displaced men, and purchasing power is not going into the hands of men and women, it does exceedingly little good to trade Raymond sugar over to Coalhurst for Coalhurst coal, because most of the people of Raymond have not the purchasing power to buy the sugar they need, and what is the good of trading sugar for coal, when Raymond people could not buy the coal when it was shipped to them? Now, if there were a tariff barrier between the two communities, and governments were able to put a tax through tariffs on the passage of sugar and coal from one town to the other, you might say that there would be some advantage to the governments, because it would give them an excuse for imposing taxation. Also if there were a railroad between the two places and money could be made by operating it, you might say that some purchasing power would result; but that is

about all the advantage I can see that could accrue from that form of trade. I am open to be convinced on this matter, but it will take more than has appeared here in the last five or six days, because the arguments have been entirely aside from the real point at issue. If there is this tremendous advantage in tariffs, surely someone should have found it out during these many years, and we should have appointed, long ago, a tariff commission of experts to settle this matter once and for all and have taken it out of party politics.

The next question is, even granting that trade gives one increase of purchasing power: Is there any chance of materially increasing trade? When you remember that there are 1,250,000 people on relief in the Dominion of Canada, with hundreds of thousands of people out of work, your problem is going to be this, to find such lucrative avenues of trade as will give you sufficient purchasing power to take these people off relief and put them to work. You will then have to increase your trade to a most astonishing degree. I doubt seriously if you have any chance of increasing your trade anywhere near enough to accomplish that end.

In the first place, what caused this thing called economic nationalism? Why have the nations raised these tariff barriers? Why did they discontinue freer trade? We are all, or a great many of us, worshipping at the feet of trade, dreaming of the time when we can get back the Dunning budget and things like that which are going to be panaceas for us. Why did we ever depart from these advantageous ways? We can get some sort of idea by reading this little excerpt from which I quoted the last time I addressed the house. It is in the Times trade and engineering supplement, under date of Saturday, December 17, 1932. I read it because it indicates why nations in the first place began to limit trade:

> If each nation gave to its own people full internal purchasing power, i.e., ability to absorb its own production, none would have any objection to exporting 10, 20 or 50 per cent of that production, and receiving imports of a similar value; it is because each has insufficient purchasing power internally to absorb its own production that each is anxious to export and unwilling to import.

There is the difficulty. If lack of purchasing power caused the nations to put up tariff barriers, how will you, merely by lowering the tariff barriers, increase that internal purchasing power? It hardly looks reasonable, does it? Again there is this difficulty among the nations, that they all have a great need of self-sufficiency. Just here at this point I should like to read an excerpt from an editorial appearing in the Ottawa Citizen. I am going to throw the blame entirely on these newspapers instead of taking any myself. I quote from the Ottawa Citizen of Tuesday, March 3, 1936, which is rather recent:

> In 1929, Germany imported nearly forty per cent of the wheat it consumed. In 1934 the imports had been reduced to about ten per cent.
>
> It is one of the planks in the Nazi platform to seek German "self-sufficiency."

Will the mere lowering of our tariffs cause Germany to change that policy? I continue reading the editorial:

> Nor is the self-sufficiency policy in wheat confined to Germany. Italy, France and Great Britain have adopted policies along similar lines and are concentrating on "saving agriculture" and making their people self-supporting in the matter of food. Other nations are engaged to the same purpose, and that is the chief reason why Canadian wheat exports are not what they once were.

So those who are so free in laying the blame entirely on the right hon. leader of the opposition (Mr. Bennett) might do well to read very seriously that passage in a good Liberal newspaper. Has the need for self-sufficiency changed? I submit that it becomes greater all the time because of the close proximity of war.

The next point is that every nation needs a favourable trade balance. I was much impressed, sir, with the remarks made so earnestly by the right hon. leader of the opposition when he pointed out that one of the dangers arising out of this trade agreement would be that in the course of a few years we might build up against ourselves an unfavourable trade balance by buying from the United States more goods than we could sell to that country, thereby placing ourselves in a difficulty from which it would take us years and years to extricate ourselves. The right hon. gentleman knows exactly how serious that matter is, because he was placed right in that position. There are many nations on the face of the earth that have found themselves in that difficulty; one of the greatest of these is Japan. Japan discovered that she had a very large unfavourable trade balance. It is a rule of the present economic system that a nation must sell more goods than it buys. Honestly, Mr. Speaker, if you have fifty-four nations in the world, each one trying to sell more than it buys, have you a possible situation at all? I submit that you have a thoroughly impossible situation. This is what gives rise to intense international rivalry over trade and thereby to war, and under the present system it is utterly impossible to avoid that situation. Japan realized very clearly that she had to reduce that unfavour-

able trade balance, and that is exactly the reason why Japan is encroaching so seriously upon our markets, underselling Great Britain right under her nose. I should like to quote some statements which appeared in the Ottawa Citizen of February 10, 1936—

Mr. DUPUIS: The same good Liberal newspaper.

Mr. BLACKMORE: —in an article entitled: Japan Sets New Records, from the Christian Science Monitor. I notice some hon. member says that this is the same Liberal newspaper. I hope he heard me say that it was taken from the Christian Science Monitor, which no one would accuse of being a Liberal newspaper:

Japan's advance in commerce and industry proceeded steadily throughout the year 1935, and several new records were established in trade and production....

These facts cannot be challenged.

Figures up to December 25th reveal exports amounting to 2,547,625,000 yen, and imports of 2,566,762,000 yen. Almost an even balance of trade was achieved....

That is, after underselling the nations of the world and taking away our markets left and right, Japan has not yet arrived at an even trade balance. In other words, she has not yet begun to cut down that unfavourable balance. What will she do in order to achieve that end? She must cut down that unfavourable trade balance, or she faces extinction as a nation.

.. the excess of imports amounting to only 19,137,000 yen, a reduction of 103,932,000 yen by comparison with the corresponding figure in 1934.... Japan led the world in rayon production during 1935 with an output of 224,042,000 pounds, as against America's 210,000,000 pounds. By exporting 2,711,265,000 square metres of cotton cloth at a value of 491,458,000 yen Japan set all time records, both in volume and value. While Japan's main exports are cotton and silk goods, raw silk, rubber goods, canned food stuffs, bicycles, and a host of miscellaneous goods, the advance of the country's heavy industries should not be overlooked.

Like the Soviet union, Japan is going through a process of thoroughgoing industrialization. In 1932, Japan's imports under the general heading of machinery were more than five times greater than its exports. Now exports of machinery are about two-thirds of the imports. Japan is successfully competing with Great Britain not only in textiles but in textile machinery....

Japan is shipping abroad about ten times as many looms as it is purchasing abroad. Japan exported 539 motor cars in the first eleven months of 1935, as against 349 in the corresponding month of 1934. Exports of railway locomotives, railway cars and accessories during the first nine months of 1935 were valued at 20,000,000 yen. These figures are insignificant in themselves; but they point to Japan's probable future role as a purveyor of industrial and railway machinery, rolling stock and equipment for Asiatic countries.

I submit that in almost every one of those items Japan is competing with Canada for trade. My time will hardly permit me to give a number of other figures I have prepared, but I should like to mention a statement which I have taken from the Western Producer of July 11, 1935:

The Filipinos are gliding on the streets of Manila on bicycles made in Japan and sold in the Philippines at $5.65 each.

How are we going to beat that?

Russia has always been an importer of newsprint, cement and agricultural implements.

In 1934, Russia exported $36,000,000 worth of tractors, ploughs, mowing machines and other agricultural implements.

Again competing with Canada.

Russia no longer imports cement or paper and may at any time in the near future become an exporter to the world of these products.

Russia to-day is the largest producer in the world of plywood and the second largest in the world in the production of oil and pig iron....

She is competing with Canada in each of those items.

With Japan exporting lead pencils, matches, electric lamp bulbs, automobile tires, rubber boots, bathing suits, silk shirts, and stockings, along with a choice collection of rayon goods, toys, steel pipe, automobiles, bicycles, and even jackets for our "hot dogs," it behooves us to forget the open door in any other part of the world and to open the door to greater purchasing power at home.

That, Mr. Speaker, is exactly the contention I believe we all must be ready to support and take very seriously to heart. There are other extracts I should like to read, but I have not time to go into them all; they all point to the very rapid development of Japan and Russia in the export trade of the world, where they are coming into direct conflict with us.

The next point which I think we need to consider seriously is this: Is there any chance of recovering this trade? Let me read to you, Mr. Speaker, an extract from The Agricultural Situation and Outlook, published by the Department of Agriculture and the Department of Trade and Commerce in 1936. Let us mark these things very carefully and see what chance we have in this situation.

Agricultural protection in Europe has been increasing since 1925—

That was back in the days of the good old Liberal administration.

—and one of the characteristics of the depression has been the continuous narrowing of the free market open to exports of farm produce.

A summary of the increases in duties alone would be misleading as to the importance of restrictive measures, because the institution of quotas, milling regulations, import monopolies, licensing systems, and exchange controls operates even more effectively to cut off imports. The wide adoption of these barriers to trade was brought out by the Swedish publication Index, of February, 1935, in which it was shown that state trading monopolies were employed by two countries, import monopolies by seventeen, import licences by twenty-seven, import quotas by twenty-seven, export licences by thirteen, export quotas by sixteen, export subsidies by fourteen and exchange controls by thirty-six countries.

I submit that if the Liberal administration, or all of us working together, hope to solve the hopeless economic situation that exists in Canada to-day and put the unemployed to work by materially increasing our trade, against a situation like that, we have an optimism that is not justified.

Let me read something more, which is rather interesting as coming from the Secretary of the Treasury of the Roosevelt administration. I have always been impressed during the last two or three years by the fact that if there was anything to be gained in the way of export markets, the United States, having the great advantages that they have, and certainly being ready to go after any advantage that can be gained, would have obtained those markets. Now we find Mr. Morgenthau in a radio address on May 13, 1935, using the following words, which I submit should give us serious thought:

> In estimating our foreign trade in relation to our monetary policy, we may as well face the question whether we wish to sell abroad vast quantities of goods that the buyers cannot pay for, unless we lend them the money.

Those few words contain a very large meaning. That is the conclusion that this man has come to after a trial of both the blasting policy and the other policy.

Hon. members may ask me: What is your solution? It is not my purpose to-night to state the solution. At present I am discussing this proposal that so many hon. members seem to think offers a solution. I maintain, as two hon. members from our group have already maintained, that this matter of tariffs is neither here nor there; it simply does not make any serious difference to the situation. It is all right for us to work for an increase of trade, but to delude ourselves into thinking that is the way to solve our problems is altogether unbecoming to intelligent men and women. Let me read an extract from an article in Harper's Monthly for January, 1936, called The Fallacy of Conquest, written by Nathaniel Peffer. It may be that this man does not know what he is talking about, but he writes as though he does. He closes his article with this remarkable statement:

> For a way out of the economic dilemma it is better to turn back into ourselves—

That is the stand of the Conservative party.

> —reexamine our economic premises, and make the fundamental changes which are called for by the fact that the first epoch in the age of mechanization has irrevocably gone. The outlets must be found by reorganization at home, by making it possible for the disinherited at home to buy the goods we have hitherto counted on the heathen in the back woods to pay for.

At some later time I shall take the opportunity, if I am permitted, to say something about the sort of readjustment that, as I see it, should be made.

Hon. J. E. LAWSON (York South): I trust, Mr. Speaker, that my friend the hon. member for Lethbridge (Mr. Blackmore) will not consider it unbecoming or unintelligent on my part if I do not on this occasion attempt to deal with the argument which he has advanced. My time is limited, and rather than endeavour to deal with the question whether or not increase of trade offers a solution for our economic problems I shall confine myself to a consideration of the particular trade pact which is now before the house.

Prior to the introduction of the resolution to approve the Canada-United States trade pact, I had anticipated that the government would come forward with the proposed agreement, point out its benefits and advantages to Canada, and on that basis ask its adoption. But that course has not been pursued. Some private members supporting the government have outlined some of the particular sectional benefits which they hope will accrue to some electors whom they represent. The government itself as represented by the Prime Minister (Mr. Mackenzie King) and the Minister of Finance (Mr. Dunning) in their addresses have asked the adoption of this agreement on three grounds: First, that no one other than the Liberal party and the present Prime Minister could have made a trade agreement with the United States; second, that the former government through its Prime Minister offered to make an agreement in the same terms or practically the same terms, and therefore members of this party are estopped from opposing this agreement; and, third, that the government and those who support the trade agreement are actuated by pure motives and good intentions.

With respect to the first ground, that no one other than the present Prime Minister

and the Liberal party could have made a trade agreement with the United States, it seems to me that the history of trade agreements and trade negotiations with the United States, outlined by the Prime Minister and subsequently by the leader of the opposition (Mr. Bennett) clearly demonstrated how untenable is the statement of the Prime Minister to which I have referred. From long before I was born down to 1932 or 1933 the United States have been selling to Canada vast quantities and values of goods far in excess of what we were selling to them, resulting in heavy adverse trade balances annually. They were selling to us manufactured or partly manufactured goods, and we in the main were selling to them raw or partly processed raw material. Despite that favourable trade balance to the United States, they in 1922 raised their tariffs against our comparatively small exports to that country. Why? I hope I do not give offence to our American neighbours when I answer my own question: It was because the United States have been the most aggressive exporting nation in the world, while at the same time they have endeavoured to restrict imports as far as possible.

In the face of the Fordney-McCumber tariff of 1922 we did nothing. For eight long years we did nothing. Every time a proposal to increase tariffs against the United States came before the house the then government, led by the present Prime Minister, took the attitude that we in Canada should not retaliate. We were told, "Do not let us provoke Washington." Now I ask: Why not provoke Washington? The question was asked then, and I think I correctly interpret the answer which was given by that government through the present Prime Minister when I say that the answer was: Do not let us retaliate or provoke Washington, because if we do they may remove from their free list some of Canada's products which are now going into that country. This is just the same bogey as is offered us to-day as a reason why we should make the vast concessions that we are asked to make in the present trade agreement. Eight long years of non-provocative action did not result in any reductions in the United States tariff against us, nor any suggestions from that country that a trade agreement should be made between Canada and the United States.

In 1930, just before the election, the United States further increased their tariffs against Canada and raised further barriers against Canadian producers. In July of 1930 there was an election, and in August of that year the Conservative party took office. In the fall a special session was called, and at that session some items in our general tariff were increased against all countries, including the United States. In the sessions of 1931 and 1932 there were further increases in our general tariff against all countries, including the United States. Was that provocative action? From the point of view of Liberals, they would say that it was provocative action. Did the United States then increase their tariff against us? They did not. Then, in 1932 the imperial trade agreements were negotiated by the Conservative government led by the present leader of the opposition.

The increases in our tariff of 1930, 1931 and 1932 impeded the flow of United States manufactured products into Canada, but the empire trade agreements made provision whereby part of that which United States interests had been exporting to Canada was supplied by the British empire. Then, and then only, for the first time was there talk from Washington about a trade agreement with Canada; then, and then only, for the first time did the American press carry reports suggesting that a trade agreement be made with Canada. This was caused, I submit, by pressure upon the Washington government from vast industrial interests in the United States whose export trade to this country was being transferred to the United Kingdom and other parts of the British empire. With that background to the picture I leave it to the judgment of this country as to whether the present Prime Minister or the present leader of the opposition, if both gentlemen were willing to make an agreement on practically the same basis, should be painted in the foreground as the person most likely to get a trade pact with the United States. I submit the statement that only the present Prime Minister could have concluded an agreement is but a vain boast.

I now turn to the allegation that the former government offered practically the same terms as those now embodied in the trade agreement, an allegation based upon a letter dated November 14, 1934, written by the Canadian Minister to the Secretary of State for the United States. To parts of that letter I shall refer, but as it has been read in the house I shall not repeat the whole of it. This letter, which has been called the basis of negotiations, suggested concessions which might be made mutually by each country, and then suggested further concessions in addition to those which were mutual which should be made by the United States.

Paragraph (c) stipulated a reduction by fifty per cent of the existing United States

rates of duty, as authorized by the Tariff Act of 1934, on a specified number of natural products, including, among other things, lumber, fish, potatoes, milk and cream, live cattle, a number of other agricultural products, and several minerals both metallic and non-metallic. One need only examine the schedules of the present agreement to see that there has not been a fifty per cent reduction in the items specified, much less those included in the general words of that section.

Turning to paragraph (d), in the basis for negotiations we find provision for a reduction of the existing rates of duty by the United States on a number of partly or wholly manufactured products of Canada— and I pause to emphasize the words "partly or wholly manufactured products of Canada"—including some processed natural products and other items referred to therein.

As I said, the agreement before us does not give a fifty per cent reduction as specified in paragraph (c), except in respect of some few items, and we have not received the reductions with respect to the partly manufactured or processed articles to which reference is made in paragraph (d). I should like to ask where in the basis of negotiations there was any suggestion that Canada should forego her right to fix fair market values under section 36, subsection 2, and section 43 of the Customs Act, or where there was any suggestion that we should be restricted in fixing the rate of discount under section 37. There was not a suggestion. It is true that in a letter of December 27, 1934, written by the Secretary of State of the United States to the Canadian Minister, the Secretary of State said:

> I suggest that to the proposed outline of discussion—
>
> Outline of discussion.
>
> —there be added the question of methods of determining the value of merchandise for duty purposes in either country, a matter which I consider of importance in the proposed negotiations.

But where, sir, I ask you, was there any such provision in the basis of negotiations, or where is there any record that the former Prime Minister would have agreed to or considered the concessions asked? Then, I ask: Where is there any provision in the basis of negotiations for concessions made by the present Prime Minister in the trade agreement containing a provision such as he has included in a letter written by the Canadian Legation to the Secretary of State for the United States, concurrently with the execution of this agreement, in which in clause (d) it is agreed that in interpreting the words "of a class or kind made or produced in Canada" provision will be made to make it clear that the phrase "made or produced in Canada" in this context means "made or produced in Canada in commercial quantities." That letter does not clearly define what is meant by "made or produced in commercial quantities." But if we have reference to the notes exchanged between the government of Canada and that of Japan almost concurrently with the letter to which I have just referred we find there a definition, because in item 1 of the letter of December 26, 1935, we find the statement that "the classification 'goods of a class or kind made or produced in Canada,' as it appears in the customs tariff, will be restricted to goods which are of a class or kind made or produced in Canada in quantities sufficient to supply at least ten per cent of the normal Canadian consumption." The provisions contained in that letter which was signed concurrently with the trade agreement are just as effective, so far as they affect industry and the people of this country, as though they had been made a term of the agreement.

Find me in the basis of negotiations any suggestion of limiting our exports to the United States as to kind, such as the limitations in this trade agreement upon our exports of cod and haddock to the United States. It does seem to me that when as a necessary incident to the granting of the favoured nation treatment to the United States they obtained the benefit of direct shipment, thereby injuriously affecting our maritime ports, the government at least might have insisted upon some quid pro quo—although that expression is not liked by a lot of our Liberal friends—for those in the maritime provinces who were going to suffer.

Find me in the basis of negotiations any suggestions that Canada's exports to the United States should be limited to tiny percentages of the normal American consumption, such as the provision in this agreement with respect to cattle. How can it be said that this agreement is substantially the same as was proposed in the basis of negotiations?

If I were required to summarize the difference between this agreement and the proposals contained in the basis of negotiations of November 14, 1934, I would do so with one word—"Jobs"—"Jobs for our people in Canada." The basis of negotiations would have preserved the jobs of those now employed. The trade agreement as presented to the house will in my opinion—I hope to refer to this a little later—destroy some jobs which are now in existence. In my opinion the basis of negotiations would have created jobs

for some of our unemployed. In my opinion the present agreement will not on balance serve that purpose.

An hon. MEMBER: Explain.

Mr. LAWSON: I will before I get through; just restrain yourself for a moment.

I come now to the third point: Pure motives and good intentions, as emphasized by my genial friend, the Minister of Finance (Mr. Dunning). The minister conceded, even to those of us who might oppose this agreement, pure motives and good intentions. I do likewise to all. I do not impute to the government that made this agreement a lack of good intentions, but at the same time I am ever mindful that it has been tritely said, "The road to hell is paved with good intentions." No trade agreement would be negotiated by the government of any country in the world if that government did not hope that it would bring some benefit to their country. In my opinion this agreement will unquestionably bring some benefit to Canada. I can readily appreciate that it may bring some immediate benefits to certain of the farmers of this country, but I do say that it will not bring any lasting benefits to the farmers because such benefits cannot be obtained from any mere trade agreement so long as the purchasing power of this dominion is so tremendously reduced by unemployment. There has been expressed in this house a thought which I think will bear repetition, that the finest market the Canadian mixed farmer will ever have is the hungry mouth of the urban and suburban worker, provided that he and his fellow workers have jobs and full pay envelopes. Unquestionably this agreement will bring some benefits, but in arriving at a conclusion as to its usefulness we must balance the detriments against the benefits. On balance, I, for one, find it wanting.

The two most important problems facing Canada, outside the field of pure finance, is finding markets for the disposition of our great surplus of wheat at a price which will bring something like a reasonable return to the growers, and finding jobs for our unemployed. When we realize that 82·9 per cent of our agricultural production is consumed in this country; when we realize that in 1929 Canada imported from the United States 68·6 per cent of all imports, imports which by far exceeded our exports to that country; when we realize that more than fifty per cent of our population to-day is not upon the farms but is in the cities and suburbs, it must be apparent to all that the primary purpose of any trade agreement which is to bring great benefit to this dominion should be not to make tariff reductions which would cause more unemployment, but to try to get for our exports tariff reductions which would aid unemployment. I cannot see where this trade agreement fulfils that necessity. True, it may create some employment in the lumbering industry; true, it may create a few more jobs in the fishing industry, but where is there any provision in the agreement that is going to provide more jobs in the manufacturing industry of this country?

For example, consider our printing industry. A term of this trade agreement which was not even considered in the basis of negotiations is that the tax on advertising in magazines printed in the United States shall be repealed. Do we realize that the printing of American magazines in Canada because of that tax on advertising resulted in an expenditure of $800,000 in the printing industry and brought in through taxes a revenue of $600,000? Do we realize that of that $800,000 which was spent in the printing industry, $320,000 was paid in printer's wages? Do we realize that already 320 members of the printers' union in this country have lost their jobs? By no means have all the American magazines yet taken their printing back to the United States, but they are doing so. Is that providing more employment or losing it? Take the factories manufacturing radio cabinets and equipment for radio. They have let out their employees by hundreds; I am sorry I cannot give the figures. The Minister of Finance, when this question was raised, said: Oh, but the factories that are closing are American concerns with branch factories in this country. Well, Mr. Speaker, does it make one iota of difference whether it is a branch of an American concern or not so long as it is giving jobs to Canadian workers in Canadian factories?

Mr. DUNNING: If my hon. friend will permit me, he did not quote me fully, and consequently not correctly.

Mr. LAWSON: I regret exceedingly that I have not the hon. gentleman's words before me, but I assure you, Mr. Speaker, that I accept any correction he desires to make.

Mr. DUNNING: I added something beyond what my hon. friend quoted, which changes the sense of it entirely.

Mr. LAWSON: I am sorry if I have misquoted the hon. gentleman, and if I have a moment left at the end of my remarks I shall come back to that.

American statistics show that there are 1,800 United States branch factories in Canada, with an invested capital of some $4,000,000,000, and I say to you, Mr. Speaker, and to the house, that the vast bulk of

those branch factories were brought to this country by Conservative protectionist policy under Conservative governments. Now I ask: Does anyone think that Canada as a whole can get any new industries so long as an industry in this country cannot secure the benefits of the special provisions of our tariff laws for goods of a class or kind made in Canada until their production equals ten per cent of Canadian consumption? How on earth will they ever get started under those conditions? Obviously they cannot start with a ten per cent production, and so they are going to have a greater handicap against them in their infant stages than when they have learned to walk and have reached a ten per cent production. I say to the house that the detriments of this trade agreement are not only that it fails on balance to create jobs, but I fear that it will cause a loss of jobs to many now employed, and therefore, because the detriments outweigh the advantages, I shall vote against the agreement.

Now that I have a moment or two left I want to refer to some of the statements that have been made by hon. members in this debate. More than one hon. member who has spoken in support of this agreement accused the Conservative party of following a doctrine of economic nationalism, and even when I enunciate that now, they applaud. They alleged that this trade agreement would be the end of economic nationalism. Well, economic nationalism, as I understand it, is a national opinion on the part of the people in any one country that they should preserve their own domestic market for any products that can be made in their own country, and at the same time unload their exports on other countries of the world. No one realizes better than I do, the fallacy of the doctrine of economic nationalism. But the difference between the doctrine of economic nationalism and that of sacrificing the interests of one's country in order to develop trade is a matter of degree. I do not favour economic nationalism, but if opposing this trade agreement is economic nationalism, then, sir, I must stand convicted.

The hon. member for Selkirk (Mr. Thorson) introduced into this discussion a note to which I feel called upon to refer. He claimed that this trade agreement was the beginning of the end of economic imperialism. Economic imperialism, I suppose, I might define as a national opinion favourable to trading as far as possible within the British empire rather than with foreign countries. I believe that geographically the natural channels of trade and transportation on the north American continent are north and south. I came to a realization of that fact many, many years ago, but at the same time I concluded that the national cost of directing a large proportion of that trade and transportation east and west was part of the price we pay for the privilege, for the many privileges, of being part and parcel of the British empire. I for one am willing to continue to pay that price. Now, do not misunderstand me. I do not say that this trade agreement will give the United States economic domination in this country, but when I see that during the fiscal year ending March 31, 1929, we purchased 68·6 per cent of all our imports from the United States, in 1930, 67·9 per cent, in 1931, 61·5 per cent, and so on, the percentage decreasing each year, and then when I see this trade agreement which is bound to increase again the imports of this country from the United States, I say that this trade agreement is making a serious contribution to the economic domination of this country by the United States.

I want to make a further statement, one that is frequently laughed at, but one which I think must be regarded in all seriousness. If this country ever comes under the economic domination of the United States it will be a question of only a very short time until we are one or more of the states of the American union.

Some hon. MEMBERS: Oh, oh.

Mr. LAWSON: I thought that would cause comment, but I still say it and I still believe it.

Mr. DUNNING: My hon. friend is harking back to 1911.

Mr. DUPUIS: No truck or trade with the Yankees.

Mr. LAWSON: This is a very different agreement from the one that was proposed in 1911.

Mr. DUPUIS: Where were you in 1911?

Mr. LAWSON: I was right here in Canada, where I have always been. The statement which I made, I made in all seriousness. As individuals I like the people of the United States, but I do not want to come under their laws and under the administration of their laws.

Mr. HOWARD: Get the flag out.

Mr. LAWSON: I do not need to get the flag out, as the hon. member suggests. I am taking up the point of an argument of the hon. member for Selkirk, who wants to end

economic imperialism. As I say, I do not want to come under the administration of the laws of the United States. So long as I am able I want to remain in, and promote trade within the British empire, and if so doing is economic imperialism I hope that the Conservative party will always continue in the path of economic imperialism.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the house has been discussing the motion before it for nearly a fortnight, almost to the exclusion of everything else. In that course of time the subject matter of the resolution has been very thoroughly debated. It would be but occupying unnecessarily the time of hon. members to go over the ground that already has been traversed so well by other speakers. About all I wish to say at the moment is that, having regard to the importance of this agreement, it can truthfully be said that there has never been introduced before in the Commons of Canada an agreement of such great importance which has been so generally approved and so ineffectively criticized as the present one. The force of this observation is all the greater in view of the fact that this is the first session of a new parliament comprising in its membership groups not hitherto represented in this house.

The approval has been all but unanimous, if we except what is left of the old Conservative party in the house at the present time. I believe, with this exception, it might be said to be unanimous. I would draw your attention, Mr. Speaker, to the fact that the house is overwhelmingly Liberal, and that with respect to this agreement there has not been a dissenting voice so far as the Liberal party is concerned. That is the more remarkable when it is recalled that the Liberal following is drawn from constituencies of all kinds, rural and urban, and from all parts of Canada. There are members here of the Cooperative Commonwealth Federation party who were in the house during previous parliaments; they have in their ranks some new members. They, too, old and new alike, so far as they have spoken, have spoken favourably and approvingly of the agreement. There is another party which has come in with a considerable membership, the Social Credit party. In so far as its members have spoken their words also have been not of criticism but of approval of the agreement. There remains yet one other party, the Social Reconstruction party. It, too, has been unanimous in its commendation of the agreement. All that is left in opposition to the agreement is the remnant of the Tory party in the house at the present time. After listening to the speeches of hon. gentlemen opposite who belong to that party, one thing, I think, is clear, namely, that no agreement with the United States would ever have been concluded by that party, under any circumstances whatever. Their argument, from that of the leader himself (Mr. Bennett) and throughout its ranks, has been that an agreement with the United States meant trade north and south, meant the end of the building up of Canada, meant the breaking up of the British empire, meant annexation, meant getting away from the British flag, and all that sort of thing to which the country has listened from Tory speakers for half a century past. That has been the sole contribution of hon. gentlemen opposite to the discussion of this great measure. I do not purpose, therefore, to spend any time in commenting on the line of attack they have made.

One misconception, however, which I should like to point out is that stressed by the last speaker who addressed the house (Mr. Lawson) as he kept making comparisons between what was set forth as the basis of negotiation of an agreement and the present agreement, as if the basis of negotiation of the agreement had been the agreement that hon. gentlemen opposite would have secured or ever thought they were going to get. His own leader made it quite clear that there is a distinction to be drawn between the basis of negotiation of an agreement and an agreement itself. As has been so well pointed out by other speakers, it is not usual for parties negotiating an agreement to make the basis of an agreement less than or equal to what they expect ultimately to receive. In fact, they usually seek to have the basis of agreement cover demands far beyond anything they ever expect actually to receive. The comparisons of the hon. member for South York are all beside the question.

I do take exception, very strong exception, Mr. Speaker, to the right hon. the leader of the opposition saying that he could or might have secured an agreement, to all intents and purposes, very similar to or substantially the same as the one which has been obtained by the present government. I think my right hon. friend knows that that is not correct. He knows of course, as an old parliamentarian and as one who has had much to do with the conduct of international affairs, that we are both precluded from telling the house the actual state of negotiations under his administration and what followed when the new administration came into office. To that extent certainly I am very much handicapped in trying to review what my hon. friend has

said. At different times, however, he has been able to give to the press, certainly to one or two particular journals, information which when published has come pretty near to hitting the mark. There have appeared now and then, as the occasion seemed to render opportune, articles in the press which were more or less inspired and which I think we may be justified in taking as representing fairly accurately the position as my right hon. friend has wished to have it known by the people at the time.

I have in my hand a copy of an article which appeared in the Mail and Empire of November 5. It is headed: Acid test for King. Ability to secure mutually satisfactory agreement challenged. It begins:

> Leaving on Wednesday afternoon for Washington to hold reciprocity conversations with President Franklin D. Roosevelt, Right Hon. W. L. Mackenzie King, federal Prime Minister, is credited in political Ottawa with the courage to face at the outset of his regime the problem destined to rank as one of the acid tests of his administration, namely, the ability of his government to conclude a mutually satisfactory trade agreement with the United States.

Then it goes on to say:

> The question which official Ottawa is now asking—and which cannot be answered until a draft treaty is submitted—is whether Mr. King can secure better terms than Mr. Bennett was able to elicit.

I ask hon. members, and my right hon. friend in particular, to listen to this:

Mr. BENNETT: I am not responsible for that.

Mr. MACKENZIE KING: No; but I will ask my right hon. friend whether what follows—he evidently knows what it is—

Mr. BENNETT: No, I do not.

Mr. MACKENZIE KING: —is not a substantially correct statement of the situation as he knew it:

> Under the late government the reciprocity negotiations with the United States blew up when President Roosevelt definitely and categorically declared his inability to extend any concessions on any terms to:
>
> The codfishing and halibut fishing industry of the maritime provinces.
>
> The potato growing industry of the maritime provinces.
>
> The dairying industry of Ontario and Quebec.
>
> The wheat growers of the prairie provinces.
>
> And anything effective for the cattle raisers of the west.
>
> Mr. Roosevelt was prepared to extend concessions to:
>
> Canadian lumber.
>
> Canadian alcoholic liquors.
>
> The haddock fishing industry of the maritimes to the extent of a limited quota arrangement which would extend but limited benefit to the fishermen.
>
> The live stock breeders of the west upon a combined quota and price arrangement which would mean but little to the industry.
>
> It is in comparison with these limited benefits, proffered to Mr. Bennett, that any arrangement negotiated with Mr. King will be judged.

I ask my right hon. friend if that is not pretty substantially the reason why negotiations were not concluded before he went out of office. I am inclined to think that it is. I would ask hon. members of the house, comparing what is reported here with what appears in the agreement that is now before the house for approval, whether there are not the following apparent additional concessions. Let me set them forth. Where I speak of imports, I mean United States imports from Canada by calendar years, based on figures of the United States Department of Commerce. First of all:

Halibut (fresh or frozen)

A 50 per cent reduction.

United States imports: 1929, $676,000; 1934, $261,000.

Potatoes

Seed potatoes, reduction on 750,000 bushels annually, from 75 cents per hundredweight to (December to February, inclusive), 60 cents per hundredweight; (March to November, inclusive), 45 cents per hundredweight.

United States imports: 1929, $600,000; 1934, $223,000.

Dairy Products

Cream, reduction on 1,500,000 gallons annually, from 56·6 cents per gallon to 35 cents per gallon.

United States imports: 1929, $5,182,000; 1934, small.

Cheddar cheese, reduction from 7 cents per pound (minimum 35 per cent ad valorem) to 5 cents per pound (minimum 25 per cent ad valorem).

United States imports: 1929, $1,818,000; 1934, $140,000.

Wheat

Wheat unfit for human consumption, by-product feeds and mixed feeds, and screenings, 10 per cent ad valorem rate bound against increases.

United States imports: 1929, over $8,372,000; 1934, $6,564,000.

Hulled oats, unfit for human consumption, 50 per cent reduction.

Cattle

Heavy cattle (over 700 pounds per head), reduction on 155,799 head annually, from 3 cents to 2 cents per pound.

United States imports: 1929, $9,900,000; 1934, $4,000.

Calves, (under 175 pounds), reduction on 51,933 head annually, from 2½ cents to 1½ cents per pound.

United States imports: 1929, $1,000,000; 1934, $3,000.

Dairy cows (over 700 pounds), reduction on 20,000 head annually, from 3 cents to 1½ cents per pound.

United States imports: 1929, (estimated), $500,000; 1934, (estimated), $2,000.

With regard to the concessions on cattle, there is no mention in the agreement before us of the price arrangement referred to by the Mail and Empire, which was a matter of maintaining a certain parity of price as between agricultural and manufactured products. Had anything of that kind existed in this agreement, it would have materially affected the whole agreement from the point of view of the benefit to be derived from its provisions by the cattle industry. There is nothing concerning parity price in the present agreement. So I say, Mr. Speaker, that just taking what appears to be a more or less accurate statement of the situation, which I should say was probably inspired, there is ample evidence that the agreement as it is before the house for approval goes very much further in the interests of Canada than anything my right hon. friend found it possible to obtain prior to the time he went out of office.

I might mention other features. My hon. friend from Leeds (Mr. Stewart) took a characteristic line, when indicating what he termed the many concessions the United States got compared with what Canada secured. He started off with oranges. I think this is as good an illustration as could be used; he said:

> Let us see what Canada gives, as compared with what she gets. She gives concessions on oranges to the value of $21,000,000—

First, as to the meaning and accuracy of the figures used, what does my hon. friend mean when he says that the United States got concessions to the extent of $21,000,000 on oranges? I do not know where he obtained his figures; I am told that according to our own statistical department the duty collected on oranges since they were placed on the dutiable list by the late administration, that is for the four years combined, was less than $5,000,000, and that the value of imports of oranges from all countries in the peak year, 1929, was only $9,500,000, while the combined imports of the last four years totalled less than $21,000,000. Yet my hon. friend from Leeds says, "Look at the concession the United States got, $21,000,000 on oranges."

What I want to point out, Mr. Speaker, is this: In discussing this agreement hon. gentlemen opposite seem to have considered only the alleged interests of producers, even where, as in the case of oranges, there are no producers in Canada. They have not had one word to say for the poor consumer, all the way through. Yet so far as Canada is concerned every one is a consumer, and there is not a producer who does not also receive something from any benefit obtained by consumers. My hon. friend who has just taken his seat says, "Where is the help for the manufacturers in this agreement?" Well, if the consumers are going to derive the great benefit hon. gentlemen opposite would seem to imagine through the intermediate tariff being granted to the United States, that is going to be of assistance to every manufacturer in the country because it will increase the real wages of the workingmen of Canada, and whatever will help the manufacturers or producers lessen the cost of production and the cost of living is going to be of material help to the manufacturers and producers themselves. There is in addition the demand for manufactured goods which will come from the purchasing power derived from the sale of Canada's primary and other products in the United States. But for each single producer in the country it is difficult to say just how many consumers there are; we are all consumers, and the difference between hon. gentlemen opposite and ourselves is that we have been looking to the well-being of the consumers as well as to that of the producers. They have been confining their attention almost exclusively to what is going to benefit certain special or vested interests in the country.

I need not enlarge upon the benefits afforded by the agreement to consumers; the benefits run all through the agreement, but may I say that what might have been a substantial benefit to consumers five years ago through giving to the United States or other countries the intermediate tariff is very much less of a benefit to-day. In many particulars the intermediate tariff to-day is almost the same as the general tariff. During the time my right hon. friend was in office he hardly let a session go by, in fact, I do not think he did let a session go by, without jacking up the tariff somewhat higher, and in particular bringing the intermediate tariff nearer to the level of the general tariff. As a result, when to-day we speak of giving another country the bene-

fits of the intermediate tariff actually we are giving it a tariff which to all intents and purposes is considerably higher than the general tariff was when the Liberal party was in office. In regard to this agreement let me repeat that as far as we are concerned one of its chief benefits is what we hope and believe it will do for the consumers of Canada. In helping the consumers we believe it is going to help all classes, and every family and household.

My hon. friend from Leeds also touched on a point that I do not think was mentioned by anyone else; just how he came to see it I do not know. My hon. friend spoke about the three escape clauses; he pointed out that there were in this agreement three clauses whereby its term could be shortened so that it might not run for the full three years. If someone from this side of the house had presented that argument with a view to having the condition remedied, there might have been something to it, but my hon. friend was arguing all the time that the agreement was a bad one, and I think in the circumstances he should have been happy that there were some clauses in it which would enable its term to be shortened if necessary.

Mr. STEWART: I was emphasizing the instability of it.

Mr. MACKENZIE KING: May I point out to my hon. friend that as far as these escape clauses are concerned, they are there simply for the purpose of seeing that the agreement is carried out in the spirit in which it was entered into; that its main provisions are not defeated by some action, on the part of either the United States government or the Canadian government, which might follow upon failure to make the agreement itself, giving to either party the right, in the event of an injustice being done in that way, of remedying that injustice or, at all events, not suffering because of it. I think on that score my hon. friend should have said that whatever was done for the benefit of the United States on the one hand was done equally for the benefit of Canada on the other. That provision is on all fours with the rest of the terms of the agreement; it is an agreement for the mutual advantage of the two countries, not an agreement whereby one country seeks to get all the advantages on its side and to leave none of the benefits to the other country.

I need not again go over the point alluded to by the last speaker, as to what might follow were no agreement to be effected with the United States at this time. But I would repeat that there are grave results which might follow upon a failure to make an agreement with the United States at this time. Particularly is this the case when that country is making agreements with other nations in all parts of the world, which agreements, if continued and expanded, as they will be, will give to other countries the place in the markets of the United States which Canada as an immediate neighbour should have above all other countries.

I see, Mr. Speaker, that the hour is getting late. What the country is waiting for is to see to what extent this agreement is approved by the parliament of Canada. I doubt if the remaining twenty minutes can be spent to greater advantage than in securing that result.

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

YEAS

Messrs:

Ahearn
Barry
Beaubien
Bertrand (Prescott)
Bertrand (Laurier)
Black (Châteauguay-Huntingdon)
Blackmore
Blair
Blais
Blanchette
Bothwell
Bouchard
Boulanger
Bradette
Brunelle
Cameron (Hastings South)
Cameron (Cape Breton North-Victoria)
Campbell
Cardin
Chevrier (Ottawa East)
Chevrier (Stormont)
Clark (Essex South)
Clark (York-Sunbury)
Cleaver
Cochrane
Coldwell
Crerar
Crète
Damude
Davidson
Deachman
Denis
Deslauriers
Donnelly
Douglas
Dubois
Duffus
Dunning
Dupuis
Dussault
Elliott (Middlesex West)
Elliott (Kindersley)
Emmerson
Evans
Factor
Fafard
Fair
Farquhar
Ferguson
Ferland
Ferron
Finn
Fiset, Sir Eugène
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Fraser
Furniss
Gardiner
Gariépy
Gauthier
Gladstone
Glen
Golding
Goulet
Gray
Hamilton
Hanson
Hartigan
Hayhurst
Heaps
Hill
Howard
Howe
Hurtubise
Hushion
Ilsley
Isnor
Jacobs
Jean
Johnston (Bow River)
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kuhl

Lacombe
Lacroix (Quebec-Montmorency)
Lalonde
Landeryou
Lapointe (Matapedia-Matane)
Leader
Leclerc
Macdonald (Brantford City)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
MacLean (Prince)
MacLennan
MacMillan
MacNeil
Macphail, Miss
MacRae
McCann
McCuaig
McCulloch
McDonald (Souris)
McDonald (Pontiac)
McIntosh
McIvor
McKay
McKenzie (Lambton-Kent)
McKinnon (Kenora-Rainy River)
McLarty
McLean (Simcoe East)
McLean (Melfort)
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
Mallette
Martin
Maybank
Mercier
Michaud
Mills
Mitchell
Motherwell
Mullins
Mulock
Mutch
Needham
Neill
Parent (Quebec West and South)
Parent (Terrebonne)
Pelletier
Plaxton
Pottier
Power
Purdy
Quelch
Reid
Rennie
Rhéaume
Rickard
Rinfret
Roberge
Rogers
Ross (Middlesex East)
Ross (Moose Jaw)
Rowe (Athabaska)
Ryan
St-Père
Sanderson
Sinclair
Stevens
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thorson
Tomlinson
Tremblay
Tucker
Turgeon
Turner
Veniot
Verville
Vien
Ward
Weir
Winkler
Wood
Woodsworth
Young—175.

NAYS

Messrs:

Anderson
Baker
Barber
Beaubier
Bennett
Betts
Black (Mrs.)
Brooks
Brown
Cahan
Casselman
Church
Clarke (Rosedale)
Edwards
Esling
Graydon
Green
Harris
Hyndman
Lawson
Lennard
Lockhart
MacNicol
McGregor
Massey
Perley (Qu'Appelle)
Perley, Sir George
Plunkett
Ross (St. Paul's)
Rowe (Dufferin-Simcoe)
Senn
Stewart
Stirling
Thompson
Tustin
Walsh
Wermenlinger
White
Wilton—39.

At 11.06 p.m. the house adjourned, without question put, pursuant to standing order.

[Mr. Mackenzie King.]

Wednesday, March 11, 1936

The house met at three o'clock.

AGRICULTURE AND COLONIZATION

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

That the name of Mr. Johnston (Lake Centre) be substituted for that of Mr. Ross (Moose Jaw) on the select standing committee on agriculture and colonization; and

That the name of Mr. Thorson be substituted for that of Mr. Beaubien on the select standing committee on agriculture and colonization.

Motion agreed to.

BRITISH ANTHRACITE COAL

Hon. NORMAN McL. ROGERS (Minister of Labour): I beg to lay on the table of the house the report of the registrar of the Combines Investigation Act on an investigation into an alleged combine in the importation and distribution of British anthracite coal in Canada. The investigation was completed in 1933 but the report was not made public. In this report certain of the tables have been supplemented by figures covering the years 1933, 1934 and 1935.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

VOTERS' LISTS

Mr. COCHRANE:

1. What was the total cost of printing the voters' lists for the 1930 federal elections?
2. What was the total cost for printing the voters' lists for the 1935 federal elections?
3. What was the total cost of machinery specially installed by the dominion government for the printing of election lists?
4. How many linotype operators were employed on this work (a) what wage scale were they paid; (b) how many overtime hours did they work and what rate of wage were they paid for overtime; (c) was it necessary to bring operators into Ottawa to complete the work?
5. Were any of the voters' lists printed by firms not connected with the government (a) if so, what office did the printing; (b) what rates were they paid?
6. Are linotypes installed for the setting of voters' lists now working full time (a) if part time, how many hours per day?
7. What did it cost to revise election lists in 1934 and 1935?

Mr. RINFRET:

1. The total amount paid out for printing voters' lists for the 1930 federal election was $228,864.26. This was for the printing of the urban districts only, as under the act of 1930 the voters' lists for rural districts were not printed.

2. The sum of $83,769.68 was paid to the printing bureau by the dominion franchise commissioner for the printing of the revised list of electors, 1935. (Note: In connection with the revised lists, 1935 there was an additional expenditure of $13,775.36 paid by the dominion franchise commissioner for proof-reading the lists).

3. $127,074.93 (For voters' lists and regular work).

4. The number of linotype operators actually engaged on voters' lists work varied from hour to hour and day to day. (a) $40 per week of 44 hours, less 10 per cent during the fiscal year 1934-35 and 5 per cent during the fiscal year 1935-36, as provided by the Salary Deduction (Continuance) Acts of 1934 and 1935. (b) 8,555·5 hours. Overtime rates authorized by order in council P.C. 417-487 of March 1, 1929, as follows: "The rate of pay for the first three hours after regular quitting time shall be time and a half, then double time; all overtime work after 10 p.m. double time rate; for Sundays double time rate; for statutory and proclaimed holidays double time rate after what would normally be regular working hours." (c) Yes.

5. No.

(a) and (b) answered by above.

6. Yes, 12 new linotype machines were obtained in replacement of a similar number of machines which had been in use from 15 to 23 years and which had become obsolete. These latter machines are operated from time to time as pressure of work requires.

7. The cost of the formation of the basic lists in 1934 was:

Paid to the printing bureau for printing the list of electors.. ..	$249,561 80
Salaries to proof-readers..	38,804 05

The cost of the revision of the lists in 1935 is covered in the answer to question (2).

CUSTOMS SEIZURES

Mr. HEAPS:

1. What was the total value of the goods seized by custom officials in Canada during 1935?

2. What are the classifications or nature of goods so seized?

3. What was the valuation of seized goods sold, and what amount was realized?

4. What was the valuation and nature of goods destroyed?

Mr. ILSLEY: I would ask my hon. friend if he would not withdraw this question in view of the fact that it would take so much labour to compile the answers. If he insists I will ask that the question stand as an order for return, but it may not be brought down this session.

Mr. HEAPS: I have no desire to put the department to all the labour entailed in answering the question. If it involves too much work, as the minister suggests, I will drop the question, but I do think that if the department were properly organized it would be a very simple matter to have at the end of each year a complete tabulation of the information asked for in my question.

Question dropped.

RADIO REFINERIES LIMITED

Mr. MUTCH:

1. Did the Radio Refineries Limited, located at or near Winnipeg, bring into Canada, during the period from 1930 to October, 1935, large quantities of gasoline without paying the duty thereon?

2. If so, why was the duty not collected?

3. If the government discovered that smuggling had occurred, when did such discovery take place and what action did the government take?

4. Did the government lay a criminal charge against the officers and directors of the said company, and, if not, was any reason assigned?

5. Did the government sue the Radio Oil Refineries Limited, in the Court of King's Bench in Manitoba for a large sum of money?

6. If so, how was settlement effected, and for how much?

7. What was the amount for which the government sued the Radio Oil Refineries Limited?

8. Does the present government propose to take action in the matter, and, if so, what action?

Mr. ILSLEY: Part 8 of this question relates to a matter of government policy and it has not been the custom of the government to answer such questions. Apart from that, the question is answered:

1. No—Importations were described as crude petroleum in its natural state but the department held it was not in its natural state.

2. Due to fact that entries were made under wrong tariff classification.

3. The goods were not smuggled. Following investigation it was definitely established to the satisfaction of the department early in 1934 that duty was being evaded and in May, 1934, charges were preferred.

4. No. A claim under the Customs Act for duties short paid and penalties was preferred against the company. It was believed that better results would be obtained in this way than by criminal procedure.

5. Yes.

6. Settlement was effected for $10,000, through an agent appointed by the Department of Justice.

7. It was charged by the department that duty and taxes short paid amounted to $19,-712.35 but amount claimed in suit including penalties and forfeitures was $178,942.70 and costs.

BILINGUALISM IN FEDERAL DEPARTMENTS

Mr. TREMBLAY:

1. How many federal civil servants in each department in each of the several provinces, except Quebec, speak and write only French?
2. How many federal civil servants in each department in the province of Quebec speak only English?

Mr. RINFRET: In reply to this question, I may say that no records are kept from which we can supply the hon. member with the desired information.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GEORGE WILSON

Mr. FLEMING:

1. Is George Wilson, barrister and solicitor of Kinistino, Saskatchewan, in the employ of the federal government?
2. If not so employed now, has he been in the employ of the government at any time, and in what position, and when were his services dispensed with?
3. If in the employ of the government during the years 1930 to 1935, what amounts of money did he receive?

Mr. RINFRET: Return tabled herewith.

INSPECTORS IN BRITISH COLUMBIA

Mr. HANSON:

1. How many inspectors are there in British Columbia under the following headings (a) seed; (b) feed; (c) grain; (d) fruit; (e) dairy?
2. What are the names, addresses and salary, respectively, of such inspectors, and what territory is covered by each?

Mr. RINFRET: Return tabled herewith.

MOTION FOR PAPERS

NORMANDIN MUNICIPAL CORPORATION—POST OFFICE

Mr. SYLVESTRE:

For a copy of all correspondence, reports, telegrams and other documents exchanged during 1935 and 1936 between the Minister of Public Works and the municipal corporation of Normandin, regarding a proposed lease in connection with a post office.

CANADA-UNITED STATES TRADE AGREEMENT

PROPOSED AGREEMENT TO FISCAL TREATMENT ACCORDED TO UNITED STATES PRODUCTS

Right Hon. W. L. MACKENZIE KING (Prime Minister): I beg to move, seconded by Mr. Dunning:

[Mr. Ilsley.]

That the fiscal treatment accorded to goods, the produce or manufacture of the United States of America, by the trade agreement between Canada and the United States of America, signed at Washington, November 15, 1935, be agreed to so that there may be introduced a bill giving the said trade agreement the force of law in Canada.

Mr. BENNETT: Should not the motion be that it be referred to the committee of ways and means?

Mr. MACKENZIE KING: Yes; I was going to move that the agreement be referred to the committee of ways and means.

Mr. SPEAKER: Mr. Mackenzie King moves, seconded by Mr. Dunning, that the resolution be referred to the committee of ways and means.

Mr. BENNETT: I think the correct method is to move that the Speaker do now leave the chair for the house to resolve itself into committee of ways and means "to consider the following resolution."

Mr. MACKENZIE KING: I am advised by the clerk that the procedure I adopted at the outset is correct, that after the resolution is carried, I then move that the house go into committee of ways and means to consider the resolution.

Motion agreed to.

SALARY DEDUCTION ACT

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That it is expedient to bring in a measure to authorize a deduction of five per cent from the amount of certain salaries or other compensations or indemnities payable by the government of Canada during the fiscal year ending the 31st March, 1937.

Mr. SPEAKER: Mr. Dunning moves, seconded by Mr. Crerar, that the house resolve itself into committee of the whole on the said resolution. Is it the pleasure of the house to adopt the motion?

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): No, sir, and I will tell you why I object to this motion.

Mr. SPEAKER: Order. I draw to the attention of the hon. member the fact that this motion is not debatable.

Mr. POULIOT: Then why do you say, is it carried? I say it is not carried; I am ready to object to it on serious grounds, and now you prevent me from expressing my views on it.

Mr. SPEAKER: Shall the motion carry?

Mr. POULIOT: No.

Mr. SPEAKER: Motion carried.

Mr. POULIOT: Mr. Speaker, may I ask the government—

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, on a question of order: I have no desire to be constantly rising to refer to matters of order, but I heard your honour say that the motion made by the Minister of Finance (Mr. Dunning) that this resolution be considered by the committee was carried, and that the Speaker do leave the chair. If that is so—

Mr. DUNNING: I did not make a motion that the Speaker leave the chair.

Mr. BENNETT: That is what was said, as far as I could hear. There was some noise in the chamber.

Mr. DUNNING: I made the usual notice of motion to make it possible for the resolution in question to be considered when the house goes into committee of the whole.

Mr. BENNETT: That was done by the Prime Minister.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, I confess I do not quite follow the ruling—it may be a sad reflection on myself. The motion, as I understood it, was that Mr. Speaker should leave the chair and the house resolve itself into committee of the whole to consider this resolution. I understood your honour to say that such a resolution was not debatable. I personally am under the impression that it is debatable, although I confess I may be mistaken, and I think that, for the purpose of good order in the house, we ought to have that point made perfectly clear. I may be entirely wrong, but I should like your honour to explain just why that motion upon which the hon. member for Témiscouata (Mr. Pouliot) desired to speak is not a debatable motion.

Mr. POULIOT: Mr. Speaker, in the meantime may I ask the government if they have superannuated General McNaughton and Colonel Steel, the former a member of the national research council and the latter of the radio broadcasting commission, at the lowest rate of superannuation before imposing a cut of five per cent on all civil servants?

Mr. MACKENZIE KING: I understand the question which my hon. friend has just asked was on the order paper and was answered some days ago.

Mr. POULIOT: No, it was not in that form, and I put it again in this very shape.

Mr. SPEAKER: The motion to which the hon. member for Kootenay East (Mr. Stevens) refers was a motion that the house go into committee of the whole at the next sitting of the house. This is the motion which I said was not debatable.

Mr. STEVENS: May I call to your attention, Mr. Speaker, for the sake of accuracy, the fact that that form of motion was not properly put. I think the motion should have read, "at the next sitting of the house." Had it been done in that way I should not have taken objection.

Motion agreed to.

HAMILTON HARBOUR COMMISSION

On the orders of the day:

Mr. JOSEPH JEAN (Mercier): Mr. Speaker, I notice in the public press a statement to the effect that there is to be appointed a board of harbour commissioners for the city of Hamilton. Does that mean that at some ports there will be harbour commissions, notwithstanding the decision of the government to abolish those commissions?

Hon. C. D. HOWE (Minister of Railways and Canals): The harbours of Canada are of two categories. There are seven ports which are definitely national ports, and in all of which the government has a very substantial investment. In addition to that there are some five or six other ports, such as Hamilton, Toronto, New Westminster—to name only a few—in which the government has no substantial investment, and in which the city has attended to the development of the particular port; these ports have been administered by harbour commissions, on which the city has representation, and in such cases it is not the intention of the government to make any change in the system of administration. The reason, and I think the only reason, why the government has the appointment in some cases of one and in other cases of two harbour commissioners is that the commission is charged with the carrying out of certain government regulations.

GERMAN CONSCRIPTION

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Before the orders of the day are called may I point out that the afternoon papers carry a dispatch from Montreal that Ludwig Kempff, Consul General for Germany in Canada, announced to-day in Montreal that German citizens living in Canada and Newfoundland are to be conscripted for possible service in Germany. The state-

ment said that Germans who have become naturalized British subjects are not affected, but it also went on to say that enlistments were to be invited. I should like to ask whether, if this dispatch is correct, such action is calculated to maintain good relations between different classes of Canadian citizens, and also as to whether or not the German consul would not be exceeding his rights here in Canada.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, before I answer my hon. friend I should like to make inquiries as to the actual communication made by the German consul. After having seen it, I shall reply to my hon. friend.

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

Resolved, that the fiscal treatment accorded to goods, the produce or manufacture of the United States of America, by the trade agreement between Canada and the United States of America, signed at Washington, November 15, 1935, be agreed to so that there may be introduced a bill giving the said trade agreement the force of law in Canada.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Chairman, I think we had better have a clear understanding as to procedure in committee at the present time. The purpose of the resolution is to consider, as I said, the fiscal treatment accorded by the trade agreement to goods, the produce or manufacture of the United States of America. The trade agreement contains a schedule of rates to apply to commodities specified therein imported from the United States. The consideration of the article to which this schedule is attached and of the schedule itself would of course cover the changes in the rates applicable to imports from the United States. There are other clauses in the agreement which I should imagine the committee would also wish to consider in connection with the schedules. They will have to be considered some time, either when the bill itself is before the house or now when the agreement is being discussed in committee of ways and means. If the committee is agreeable to taking up the agreement in its entirety clause by clause at this stage, I fancy it will shorten discussion in the long run and give to hon. members immediately detailed information they are desirous of obtaining in regard to many specific items as well as to the agreement as a whole. If that method is acceptable, I suggest that we consider the agreement clause by clause, and begin now with article No. 1.

[Mr. Woodsworth.]

Mr. BENNETT: Of course it is not within the purview of the resolution, but as there must be a bill founded upon it, and presumably the agreement will be attached as a schedule to the bill, and will be considered in committee of the whole house, the only question is whether or not it is desirable to do it now or when the bill is being dealt with. To me personally it is a matter of indifference. But it is clear that if the bill founded on the resolution is introduced and the agreement attached as a schedule, when the committee goes into committee on the bill the whole matter will be open for discussion. That may be the better place.

Mr. MACKENZIE KING: When the British house considered the Canada-United Kingdom agreement the Chancellor of the Exchequer before introducing the bill at all, moved the house into committee of ways and means to consider the tariff changes involved in the agreement. We are following that course because we think it the preferable one.

I should like to say to my right hon. friend, if he will pardon my doing it at this moment, that I think he was mistaken at an earlier stage in the debate in saying that his government had followed the same procedure.

Mr. BENNETT: No, not the same procedure as in England, the same procedure as adopted in regard to the treaty with France.

Mr. MACKENZIE KING: Not the same procedure as we have adopted in connection with this agreement. I have looked up the journals and find that the following was the order of procedure in connection with the Canada-United Kingdom agreement: On October 12, 1932, my right hon. friend moved a resolution approving the agreement. The resolution was agreed to on November 3. On November 7, Bill No. 8 was given first reading. On November 8 it was given second reading. On November 21 the bill was reported in committee of the whole, and on November 22 given third reading. It was not until after third reading, namely on November 24, that the resolutions were adopted in committee of ways and means, reported, read the second time and concurred in.

I am proposing that we take up in committee of ways and means, before we introduce the bill at all, consideration of the fiscal matters referred to in the agreement.

Mr. BENNETT: There is, I suppose, no point in discussing the methods that were adopted at other times. What we did with respect to the British agreement was the same as in respect to the French treaty. Last year we adopted a trade agreement with Poland,

and we adopted one made with France the session before; the schedule was attached to the bill, the bill was introduced on a resolution, and the whole matter was then discussed as an ordinary measure. I am not sure but what the suggestion of the right hon. gentleman as to the desirability of separate treatment being accorded, in committee of ways and means, to the items that constitute the schedule may be the sounder method, but the method we pursued in connection with the Polish agreement was to discuss the schedules to the bill when the bill itself was in committee, and that we may do here when the bill founded on this resolution is introduced into the house. This resolution contemplates discussion at the moment of the tariff items only; there would still remain for consideration the various articles of the agreement. As I point out, those articles must necessarily be open for discussion when the bill is before the house, the schedule being part of the bill. If it is thought desirable to consider the agreement now article by article, I personally have no objection, but it would be competent to have the discussion over again when the schedule comes up as part of the bill.

Mr. MACKENZIE KING: Quite right.

Mr. BENNETT: Whatever the right hon. gentleman thinks desirable is acceptable as far as I am concerned.

Mr. MACKENZIE KING: My thought is that we shall probably save time in the end by taking up the agreement now article by article. It is probable that hon. members in discussing the items will make reference to articles in the agreement, and I have no doubt that when we come to the bill itself the house will not wish to repeat a discussion which has already taken place.

On Article I:

Trade Agreement Between Canada and the United States of America

His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada, and the President of the United States of America, being desirous of facilitating and extending the commercial relations existing between Canada and the United States of America by granting mutual and reciprocal concessions and advantages for the promotion of trade, have resolved to conclude a trade agreement as a step toward the lowering of the barriers impeding trade between their two countries, and for this purpose have through their respective plenipotentiaries agreed upon the following articles:

Article I

Canada and the United States of America will grant each other unconditional and unrestricted most-favoured-nation treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying duties, and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations effecting the sale or use of imported goods within the country.

Accordingly, natural or manufactured products having their origin in either of the countries shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products having their origin in any third country are or may hereafter be subject.

Similarly, natural or manufactured products exported from the territory of Canada or the United States of America and consigned to the territory of the other country shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products when consigned to the territory of any third country are or may hereafter be subject.

Any advantage, favour, privilege or immunity which has been or may hereafter be granted by Canada or the United States of America in regard to the above-mentioned matters, to a natural or manufactured product originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like product originating in or consigned to the territory of the United States of America or Canada, respectively, and irrespective of the nationality of the carrier.

Article I agreed to.

On Article II:

Article II

Neither Canada nor the United States of America shall establish any prohibition or maintain any restriction on imports from the territory of the other country which is not applied to the importation of any like article originating in any third country. Any abolition of an import prohibition or restriction which may be granted even temporarily by either country in favour of an article of a third country shall be applied immediately and unconditionally to the like article originating in the territory of the other country. These provisions equally apply to exports.

In the event of quantitative restrictions being established by either Canada or the United States of America for the importation of any article it is agreed that in the allocation of the quantity of restricted goods which may be authorized for importation, the other country will be granted a share equivalent to the proportion of the trade which is enjoyed in a previous representative period prior to the establishment of such quantitative restrictions.

In all matters concerning the rules, formalities or charges imposed in connection with any form of quantitative restriction on the importation of any article, Canada and the United States of America agree to extend to each other every favour granted to a third country.

Mr. STEVENS: In regard to this article and other articles of a similar character, I should like to ask whether it is clearly understood that it does not include concessions of arrangements between Canada and other countries in the British empire?

Mr. MACKENZIE KING: Yes.

Mr. DUNNING: That is covered by article XIII.

Mr. STEVENS: I know, but I want to make it abundantly clear that that applies in all these articles.

Mr. DUNNING: Yes.

Mr. CAHAN: Is it clear as a matter of construction that article XIII does all that is suggested? It seems to me it would be better drafting if in article I and article II an exception were made and a reference to article XIII inserted, for the sake of clarity; "except as in this agreement otherwise provided." Here it says "like products having their origin in any third country," without specific exception.

Mr. MACKENZIE KING: The understanding on which the entire agreement was made is that as far as the British empire is concerned, rights within the empire are entirely a matter of our own business, and that nothing in this agreement shall affect any existing relationships between one part of the empire and another with respect to duties or anything else. The whole agreement is based on that understanding.

Mr. BENNETT: Article II introduces for the first time recognition of a quota system being applied in Canada. We have not heretofore generally accepted that as a governing principle in connection with our tariff legislation. This article recognizes that quantitative restrictions may be made by Canada in connection with our tariff legislation. Leaving that for the moment, there is a question I desire to ask which is a vital one in view of our experience in connection with quotas under the French agreement. The year that is to be fixed as the basic year is all important. This agreement does not specify that a given year shall be taken, but it says:

—a share equivalent to the proportion of the trade which is enjoyed in a previous representative period prior to the establishment of such quantitative restrictions.

In other words the period has to be hereafter fixed. On what principle is that period to be fixed? Did we arrive at any conclusion as to whether it would be a three year or a five year period? It would make a very great deal of difference if the period were a five year period prior to 1935 or a five year period prior to 1930. In the discussions that took place in connection with the quantitative restrictions under the French agreement we had some little difficulty in arriving at a year, but we finally arrived at a year which was applied to all countries, not to Canada alone, and that year having been applied to all countries our exports to France were based upon the application of a percentage rate to the figure for that year. It becomes a matter of tremendous importance, having regard to the discrepancies between the import figures of France and the export figures of Canada, for example. I suppose hon. gentlemen saw the last monthly bulletin of the Royal Bank of Canada in which attention was directed to the fact that according to French statistics the imports from Canada into France amounted to something over $16,000,000, whereas the exports from Canada to France were shown as something between $5,000,000 and $6,000,000. In other words commodities shipped from Canada to the continent had been, probably during the progress of the voyage, directed to go to France. One of the notable items was wheat. In dealing with the question of quantitative restrictions we must exercise such extreme care in arriving at the basis upon which our percentages are predicated that I would ask the right hon. gentleman whether or not he has any information to communicate to the committee with respect to that matter.

Mr. DUNNING: The provision in article II was designed to cover any quantitative restrictions which might be imposed by either country in the future. The difficulty my right hon. friend points out is a very real one, but unfortunately it is impossible to decide now what a representative period would be with respect to each type of commodity concerned.

Mr. BENNETT: They do not do it that way.

Mr. DUNNING: After careful examination from the point of view of both countries it was thought that it would have to be left open to negotiation and arrangement in the spirit of the treaty itself, when such contingencies arise.

Mr. BENNETT: I am afraid that does not go far in answering my question. In the first place it is an incorrect statement, if I may be pardoned for making that observation, to say that you must take up each item in each year. You must have a given period. That period may be a year or a term of years, but once the period is arrived at the percentage of the imports during that year that shall be free to be utilized by Canada or the

United States as the case may be does become of vital importance. For instance suppose the year 1934 were taken, then that year becomes the fixed term for the purposes of the agreement. And if it comes to say, commodity A, and the United States have determined that we shall not export to that country more than a given percentage of that commodity, and they fix it at eighty per cent, then it will be eighty per cent of what their imports from Canada were during the year 1934. But in the case of commodity B there would be no change to another year; nor could it be changed to another year for commodity C, because there is a base year established. Usually in quantitative restrictions, which are largely used on the continent, they take a term that is an average of a period of three or five years, or take a year absolutely; they say that the year 1926 or 1929, for instance, shall be the determining year, the base year.

Mr. DUNNING: With respect to all commodities?

Mr. BENNETT: Yes, with respect to all commodities. That was one of the difficulties that we had in connection with the French agreement. France said, we will take a certain year—I forget what year; my memory is it was 1928, but whatever year it was, that year applied to Sweden, Australia, Canada, the United States and all other countries, and each country was allocated a percentage of the total imports of goods during that year, having regard to the relation that the total imports bore to the imports from a particular country. That is, if Canada supplied twenty per cent of the imports of the given commodity to France during that year, and it was concluded that the allocation should be eighty per cent, we would have but sixteen per cent of that year's importations. I point out that you cannot have varying years for different commodities, because that might work an unfair advantage or disadvantage to another country as against our own. The reason the question of arriving at a base year becomes of such tremendous importance lies in the possibility of difficulties arising on account of an endeavour to get a most favourable year for your country, while the other party to the agreement is endeavouring to get a year which will not involve as large importations as otherwise would follow. I can see that probably nothing more can be done about it than to leave it in the terms in which it now stands, because the agreement has been made. I certainly think, however, that it is an invitation to difficulty, if quantitative restrictions are resorted to.

Thus far in Canada, if my memory serves me correctly, the Liberal party has been vigorously opposed to the making of quota arrangements, and it may not be necessary to rely upon quota arrangements. But if quotas are made this will become a subject of difficulty, and to anticipate it and possibly provide against it is preferable to waiting for the arrival of a difficulty which would be very real, I might say, in connection with matters in regard to which quotas have been suggested. That is the reason why in other parts of the agreement I take it that this government, as well as the negotiators on behalf of the American people, were so careful to provide not a quota which would fluctuate, but in the case of seed potatoes a quota of 750,000 bushels and in the case of cream 1,500,000 gallons. The same applies to the arrangement for some odd thousand head of cattle, which quota of course was arrived at by computation on the part of the parties who arrived at the figures. But they did not leave it to conjecture or doubt as to how this was to be done when the time arrived. The computation with respect to cattle is well known.

Mr. DUNNING: In that instance the method is indicated in the item.

Mr. BENNETT: It is indicated; in the cream quota it is not so indicated, and with respect to seed potatoes it is not so indicated. But those who were responsible saw to it that definite figures were used because they realized, as I now point out to the committee, that when you get into the realm of quantitative restrictions, which means the allocation of quotas to affect importing countries —and I could conceive of a dozen items I could mention which would be affected— grievous difficulties would be caused, having regard to the year which is selected as the base year upon which to make computations.

Mr. DUNNING: My right hon. friend has himself indicated the reasons why it was quite impossible to state this matter more definitely than is stated in the agreement. The finding of a base year which would be fairly applicable to all commodities was a great difficulty. If I may mention the difficulty in connection with choosing a base year for cattle, for instance, may I say that we could not take 1932, 1933 or 1934 as base years with respect to this clause of the agreement, because no cattle were exported from Canada to the United States during those years.

Mr. BENNETT: They are covered by special items.

Mr. DUNNING: Yes, it is true that they are covered by special items. However I use that as an illustration of what may easily

happen with respect to some of a large number of items constituting the trade between these two countries. I agree entirely with my right hon. friend that it would have been very desirable indeed if absolutely certain machinery could have been set up in this section of the agreement to deal with possible future quantitative restrictions. But after very careful examination by the negotiators who acted on behalf of both countries it was felt that this was as far as the matter could be dealt with at the present time. I appreciate the fact that there may and probably will be difficulties, if one country commences to set up quantitative restrictions against the other in connection with commodities dealt with in the agreement. This clause is inserted to give, if possible, a means to settle those difficulties.

Article II agreed to.

On Article III:

Articles the growth, produce or manufacture of the United States of America, enumerated and described in schedule I annexed to this agreement, shall, on their importation into Canada, be exempt from ordinary customs duties in excess of those set forth in the said schedule. The said articles shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement or required to be imposed thereafter under laws of Canada in force on the day of the signature of this agreement.

Schedule I and the notes included therein shall have full force and effect as integral parts of this agreement.

Mr. CAHAN: What is the meaning of the word "ordinary" in the third line? The expression is, "be exempt from ordinary customs duties."

Mr. DUNNING: It is very difficult to describe the meaning of a simple word. I know the hon. member has the legal interpretation in his mind.

Mr. CAHAN: Of course; this is a legal document.

Mr. DUNNING: Yes; it is a legal document. "Ordinary customs duties" is the expression which follows the language commonly used in the United States and Canada in the description of customs duties, and especially when qualified by the words "in excess of those set forth in the said schedule." Those words surely qualify the meaning so that there could be no dispute as to the intention.

Mr. HEAPS: May I ask if there would be any question as to a dispute in connection with the imposition of excise duties on goods coming in? Would there be any possibility of misinterpretation of article III with respect to excise duties now imposed on goods entering the country?

Mr. BENNETT: The hon. member has anticipated something I was going to say, so after I have made my observations possibly the minister would answer both of us. If he will observe the language of the article he will find that in the third and fourth lines there is the expression "ordinary customs duties in excess of those set forth in the said schedule." That is, meats, prepared or preserved, other than canned, n.o.p., carry a duty of three cents per pound. That is the ordinary duty. But let us apply that to the following line: "The said articles"—meats—"shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement or required to be imposed thereafter under laws of Canada in force on the day of the signature of this agreement." The amount imposed on the day this agreement was signed was three cents per pound, and there is no provision whatever for excise tax.

That has given me a great deal of concern with respect to the language of the agreement, the language to which the hon. member for Winnipeg North has referred. The article refers merely to "ordinary customs duties" in the third line, and then it states that you shall not impose anything in excess by way of duties, taxes, fees, charges or exactions, beyond those charged on the day of the signature of the agreement. In this instance the amount imposed on the day of the signature of the agreement was three cents per pound.

Mr. DUNNING: Read the next phrase.

Mr. BENNETT: That does not help. It says that it shall be free from anything that may hereafter be done or hereafter be imposed. That shuts the door tighter still. This makes it clear beyond peradventure that with respect to these items you cannot do more than impose the ordinary customs duties now imposed. My doubt is as to whether that left us free with respect to what we call our excise tax, or other fees, charges or exactions. When I look at the language I find it says that they shall not be higher than those "imposed on the day of the signature of this agreement—or required to be imposed thereafter." That is, it is made clear beyond peradventure that they cannot be raised afterwards. On the day this agreement was signed the rate on meats was three cents per pound; but if we brought meat in from the United States there would be a three per cent excise tax.

Let us go a step further and consider soya beans, which are imported free. Soya beans must remain free during three years. You cannot raise that; you cannot change it; it is under the intermediate tariff. I want to know whether soya beans are subject to the excise tax of three per cent or not. That is one of the difficulties I have, and it is one apparently to which my hon. friend from Winnipeg North (Mr. Heaps) has had his mind directed as well.

Mr. DUNNING: As to the intention I have no doubt at all.

Mr. BENNETT: What was the intention?

Mr. DUNNING: I will answer as to the intention, first. I believe also that the legal draftsman did carry out the intention, but I cannot argue with my right hon. friend on a question of legal draftmanship. Article III reads:

The said articles shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement.

Clearly, any tax which was in force on the day of the signature of this agreement represents the outside limit to which such charges can be imposed in the future.

Mr. BENNETT: Would the minister look at this very item of soya beans? Soya beans became free the minute we gave the United States the intermediate tariff, but now that we have made soya beans free for three years, can we charge the excise tax?

Mr. DUNNING: Yes, because the tax was chargeable on that day.

Mr. BENNETT: It says:

The said articles shall also be exempt from all other duties.

The other duties are the ordinary customs duties.

Mr. DUNNING: But soya beans would be covered by the next phrase, "taxes, fees," and so forth.

Mr. BENNETT: But it says that they shall be exempt. Let us read it in connection with soya beans:

Soya beans shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement.

Mr. DUNNING: That is the point.

Mr. BENNETT: They were free the minute this agreement came into force.

Mr. EULER: Not free from excise.

Mr. BENNETT: Free from everything.

Mr. EULER: No.

Mr. BENNETT: Not free from everything? They were free from customs tariff the minute the agreement was signed, and this document says that no other taxes shall be charged against them.

Mr. EULER: Other than those being charged on the day of the signing of the agreement, and the excise tax was in force on the day of the signing of the agreement. In future we cannot increase it, under this article, but I suppose we could reduce it.

The CHAIRMAN: Shall article III carry?

Mr. BENNETT: No; the schedule has to be considered in connection with the article, Mr. Chairman.

Mr. DUNNING: Before article III can be considered to be carried the schedule to which it refers should first be considered. Article III therefore stands, and we will proceed to schedule 1 of the agreement, reverting to article 3 when we have concluded the discussion on schedule I.

Mr. BENNETT: Quite so.

Article III stands.

On schedule I:

Customs tariff—10. Meats, prepared or preserved, other than canned: (b) n.o.p., 3 cents per pound.

Mr. BENNETT: May I ask the minister what is the rate on similar goods, meats, prepared or preserved, other than canned, entering the United States? We have heard a good deal of talk about reciprocal arrangements, and I just want to know what the duty in the United States is after this agreement comes into force.

Mr. DUNNING: The United States rates on this item are not entirely comparable, but so far as it can be traced the meat item in the United States tariff reads:

Meats, bacon, hams, shoulders, et cetera, 3¼ cents per pound; prepared or preserved, n.o.p., 6 cents per pound.

Mr. BENNETT: Meats, preserved or prepared, would be the comparable item with the United States one on which the duty is six cents, I would think.

Mr. DUNNING: Yes.

Mr. ROWE (Dufferin): In other words, do I understand that meats, prepared or preserved, other than canned, pay six cents going into the United States and three cents coming into Canada?

Mr. DUNNING: The n.o.p. item in the American tariff is six cents, yes, and it is comparable with our item 10 (b).

Mr. BENNETT: Which is the item in question. How much was our duty reduced in that case on United States goods coming into Canada?

Mr. DUNNING: From six to three cents.

Mr. BENNETT: And their duty was left the same, at six cents.

Mr. DUNNING: Of course, this is entirely incidental to the granting of the intermediate tariff. The United States immediately gets the benefit of our intermediate tariff, which is three cents, whereas the general tariff is six cents.

Mr. ROWE (Dufferin): But the ultimate outcome of the agreement, so far as meats are concerned, is that our meats pay six cents going into the United States, and their meats pay three cents coming into Canada.

Mr. BENNETT: The minister has not quite stated the full effect of the agreement. During the currency of this agreement any meats, prepared or preserved, other than canned, that we desire to ship to the United States are subject to a duty of six cents at the present moment. They may reduce their rate, but we cannot increase our rate from three cents. That is a short way to put the matter.

Mr. DUNNING: That is right.

Mr. HEAPS: What was the amount of importations under this head during the last fiscal year?

Mr. DUNNING: We imported 700 pounds of pickled beef in barrels, all from the United States, valued at $70; 93,000 pounds of sausages, valued at $27,600; fifty pounds of other meat, salted, n.o.p. all from the United States, valued at $13, and 27,000 pounds of the n.o.p. item, valued at $7,700. The total of all the imports under that item amounted to 120,000 pounds, valued at $45,000. During the same year we exported pickled beef in barrels, chiefly to Newfoundland, to the amount of 322,000 pounds, valued at $25,000.

Mr. CAHAN: That is not affected by this agreement.

Mr. DUNNING: I gave that just by way of information on exports and imports.

Mr. ROWE (Dufferin): How much did we export to the United States?

Mr. DUNNING: I can get that information.

Mr. BENNETT: There is one matter to which the minister has not referred. Under this agreement you have to consider importations from other countries as well. There is the Argentine, for instance, and that at once becomes a factor, although the largest part of the importations from the Argentine last year and the year before was canned beef, and it was estimated that the canned beef we imported from the Argentine last year represented many, many thousands head of cattle. We have now to consider that the rate on Argentine importations of meats, prepared or preserved, will be three cents. That is clear because the Argentine has favoured nation treatment with us, and the lowest rate we give to the United States we must give also to the Argentine. That is also true with respect to every part of the British empire. But the rate on meat from New Zealand and Australia is roughly three cents, and therefore the matter does not become important. I assume that the n.o.p. item covers products that carry a lesser rate than three cents, but I am not quite clear on that point.

Mr. DUNNING: The Argentine is not affected, because it has been under our intermediate tariff for longer years than I can remember by virtue of a very old agreement so no change is effected in respect of Argentine importations.

Mr. PERLEY (Qu'Appelle): What were the importations for the fiscal year 1930?

Mr. DUNNING: These black books of mine hold a great deal of information, but I cannot possibly bring to the house the information for a series of years. However I shall be glad to get that information for my hon. friend.

Mr. PERLEY (Qu'Appelle): The year that is quoted is very low so far as importations are concerned; it is the lowest year.

Mr. DUNNING: It is the latest available in every instance; I take the same year with respect to all of the information I give.

Mr. BENNETT: The 31st March, 1935?

Mr. DUNNING: Yes, 1935.

Mr. BENNETT: Of course, we have the figures for the last ten months.

Mr. SENN: Perhaps I could furnish the minister with the information asked for by the hon. member for Qu'Appelle. In 1930 we imported, of meats of all kinds under this category, something like 14,000,000 pounds. That was before the Hawley-Smoot tariff came into effect and before the tariff changes in Canada became effective. Since that time

these importations have been dwindling until last year they were the lowest in the history of the country. The danger is now that there will be a steady increase again. In 1930 we imported 11,000,000 pounds of pork in brine and there is grave danger that the same thing will happen again under this arrangement.

Mr. DUNNING: If I can comfort my hon. friend a little, I would point out that the rates under which the importations to which he refers took place were lower than the rate provided under this agreement.

Mr. BENNETT: The Secretary of Agriculture for the United States, whatever he may have meant, said that under this agreement the United States would send into Canada increased quantities of pork. He made that statement at a public meeting in Chicago and I read it into the record of the house. What it means I do not know, but that is his statement for what it is worth.

Mr. SENN: I made an error in my computation. It was in pork alone of different kinds that there were importations of 14,000,000 pounds in 1930, and if that is computed on the basis of hogs, it would require at least 100,000 hogs to make that quantity of pork, so that the figures are worse than they appeared at first.

Mr. DEACHMAN: For several years we imported from the United States certain classifications of thick fat hogs which were used and appreciated, I understand, in the mining camps and in the lumber woods of Canada; and because of the importation of that product, which we brought in at a lower price, we were able to make a corresponding increase in the export of high grade bacon to Great Britain. If we choose to use American pork and like it, and can by importing that pork sell our own product which brings a higher price in the markets of the world, I as a Scotchman see no reason why this should not be done.

Mr. ROWE (Dufferin): Then we are to understand that it is the policy of the government to bring in through the back door a fat coarse type of pork while we send out of the front door pork of a better quality?

Mr. DEACHMAN: Would not my hon. friend do that if he had an opportunity?

Mr. ROWE (Dufferin): I would propose a policy to produce the pork at home.

Mr. DEACHMAN: Even the coarse fat stuff?

Mr. ROWE (Dufferin): That is our trouble; we produce too much coarse fat stuff now. I have not the figures before me, but is it not a fact that the duty has been reduced on bacon, hams and shoulders from five to $1\frac{3}{4}$ cents per pound under this agreement?

Mr. DUNNING: That is not in the schedule.

Mr. ROWE (Dufferin): In the intermediate tariff?

Mr. DUNNING: Yes, that is correct.

Mr. ROWE (Dufferin): In the agreement with the United States we have reduced the duty on bacon, hams and shoulders, imported from the United States, from five to one and three-quarter cents per pound. It has been admitted by some hon. members, by the Minister of Finance himself, that this agreement has been negotiated at the expense of the industrial life of Canada, and the Prime Minister has emphasized its contribution to agriculture. I would ask hon. members whether they can find in the agreement any great advantage for the farmers, especially the bacon producers, of Canada, in view of the possible increase in production encouraged by the late government and still encouraged by the Department of Agriculture, seeing that those producers have now to face the competition of the United States, in which production is being increased by thousands and thousands. Indeed, production is being increased there by between 4,000,000 and 5,000,000 extra brood sows. The United States destroyed more hogs three years ago than we produced at that time, and now the duty is being lowered three and one-quarter cents per pound on the product, with falling prices. It is no wonder that prices are cheaper for cattle and hogs to-day than before the trade agreement came into effect; nor is it any wonder that the farmers are alarmed, in view of the uncertainties of the situation, at the effect the agreement is going to have in every stockyard from coast to coast. If there is one glaring example of the serious effect of the agreement, it is in this reduction from five to one and three-quarter cents on pork coming into Canada, when we have been struggling for an export market. If the government has not yet done so, it should consider now the effect of this agreement on the renewal of the imperial agreement. As the leader of the opposition has said, Secretary Wallace of the United States, if he has not alarmed this government, has at any rate alarmed the hon. Mr. Elliot of the British government, who foresees difficulties in connection with the renewal of the imperial trade agreement with Canada. It is true that we have not provided our full quota under the imperial agreement, but it does appear to

me to be very unsound business to reduce the rate by three and one-quarter cents on bacon, heavy bacon or whatever type of pork you like, while we are struggling to find a market for our good bacon.

Mr. DUNNING: Perhaps it will comfort my hon. friend, who apparently sees at the border line quantities of meat waiting to tumble into Canada, when I tell him that the figures for January, which are the latest available, indicate that we imported, of all meats, $10,000 worth in January, 1935, and only $7,000 worth in January, 1936. I do not think either figure is sufficient cause for the great alarm expressed by the hon. gentleman.

Mr. ROWE (Dufferin): I do not want to delay the committee, nor do I want to bore the minister with my alarms, but may I point out that you cannot produce bacon in a month.

Mr. DUNNING: This is not bacon; this is all meat.

Mr. ROWE (Dufferin): Well, you cannot produce meat in a month.

Mr. DUNNING: The farmers have been waiting to produce it, have they?

Mr. ROWE (Dufferin): The minister knows, because he was at one time a farmer, and he is now framing the farmers with an agreement like this. Everyone knows that the year before last the United States destroyed more hogs than Canada produced for the market, and since their prices for bacon and meats have started to rise they have turned now almost as strongly the other way and are planning for a greatly increased production. We have enjoyed higher prices in Canada every year, due to the imperial trade agreements. We have had the most stabilized price for bacon since confederation, because of those trade agreements, and while we have not provided the full quota yet, the effect has already been felt in the stockyards. Ask the stockmen who sell in the Toronto stockyards about the effect already, of the American trade agreement, and the uncertainty it has created. I only wish to point out that probably by this time next year matters will be serious, because the Minister of Finance and every other man who has ever farmed or produced any hogs knows very well that you can produce bacon very rapidly; in fact the former Minister of Agriculture from this side of the house was twitted very often by the ex-Minister of Agriculture from the other side with encouraging increased production of bacon. For two or three years we have been encouraging increased production in Canada, and the result has been felt here, and will be felt in the United States. I regard this as one of the most unfair parts of the agreement. I think we were entitled to a greater reduction than we have received in respect of our bacon going in to the United States, at such times as we might have it to market there.

Mr. ROSS (Moose Jaw): Listening to the hon. gentleman's remarks in regard to this item makes one think of what weird arguments protection can give rise to in order to try to bolster up an old discredited policy that has been in effect in this country for some time. Imagine, Mr. Chairman, any man standing in his place in this house and telling us to-day that the United States are commencing to produce hogs for all they are worth—

An hon. MEMBER: Are they not?

Mr. ROSS (Moose Jaw): —throwing them on the Canadian market, and killing the Canadian farmers' market. And he brings up along with that the idea that a year or two ago many millions of hogs were slaughtered in the United States.

Mr. ROWE (Dufferin): So they were.

Mr. ROSS (Moose Jaw): Why did they not put them on the world market in competition with Canadian hogs at that time?

Mr. ROWE (Dufferin): Because we had a tariff against them. Because the present leader of the opposition raised the tariff to protect the producers of this country.

Mr. ROSS (Moose Jaw): Then why did they not put them on the world market?

Mr. ROWE (Dufferin): Because we had the imperial trade agreements, which the hon. member's party opposed. That is why.

Mr. ROSS (Moose Jaw): We are told that a year or two ago the United States would far rather slaughter hogs than sell them. Now that we have a trade agreement with the United States we are told that they are going to use it to ship hogs and other commodities into Canada and thereby ruin the farmers of this country. As regards tariffs for our Canadian farmers, let me tell the hon. member and his friends that, after having gone across this country for many years and tried to sell a tariff policy to the farmers, they got the most terrible drubbing that any party ever received on that policy.

Mr. ANDERSON: And you will get it the next time.

Mr. CASSELMAN: You won't be here.

Mr. CAHAN: Your turn is coming.

Mr. ROSS (Moose Jaw): That policy was never any good to the farmer of this coun-

try. We are exporting all the time bacon, beef, and other commodities, and we must take our price on the basis of the world price. All this business of telling the farmer that you are helping him by putting protection on farm goods is all a myth, an attempt to fool him. My hon. friends want to use that cry in order to put up high tariffs on the commodities the farmers buy. That is one of the arguments my hon. friends use all the time. As one of the farmers of this dominion, I am not a bit afraid of competition from farmers of the United States or any other part of the world provided you let me buy at a world market price the commodities I must buy for my production; then I will produce anything in Canada that should properly be produced in this country on a farm, in competition with anybody in the world. But I cannot do this so long as the policy of my hon. friends is in effect, and there is a great deal of it in effect yet. This agreement has only touched the matter of high protection for secondary industries, so that I must pay an excess price for the commodities I have to buy in order to produce on the farm, and consequently cannot sell in world markets and make any profit. But if the farmer can buy at the proper price the articles he needs for his use, he can produce farm products and sell them in competition with anybody in the world.

Mr. ROWE (Dufferin): I would not rise except that the hon. member asked me why the United States had not shipped its hog products into Canada instead of slaughtering them in the United States.

Mr. ROSS (Moose Jaw): I did not say that. I said: Why did they not put them on the world market instead of slaughtering them?

Mr. ROWE (Dufferin): I may say that when our party was in power, had we reduced the tariff at that time three and a quarter cents, as the government now proposes to do, the hog producers of Canada would have taken for eighteen months three and a quarter dollars a hundred less for their hogs than they did.

Mr. ROSS (Moose Jaw): That would be less than nothing.

Mr. ROWE (Dufferin): We enjoyed in eastern Canada, and certainly western Canada enjoyed, practically double the price the United States farmer got for his hogs, because there was in force in this country a tariff of five cents, which to-day is being reduced to one and three-quarters cents. when the United States was slaughtering hogs for which they could get less than half what the Canadian producer obtained. We received $8.75 per hundred pounds for hogs in the city of Toronto when the American producer was receiving $4.25.

Mr. ROSS (Moose Jaw): When was that?

Mr. BENNETT: 1932.

Mr. ROWE (Dufferin): Every hon. member knows that. And when my hon. friend argues that protection is a myth, may I remind him that even though he opposed the late government, he cannot deny that during those years the farmers of Canada received over $36,000,000 more for their hogs than they would have received had we had the competition that he suggested here to-day. I do not think it is any myth so far as the farmers are concerned when they benefited to the extent of $36,000,000 a year from the protection which the late government maintained, and which is now being wiped off. I know that is the old stock-in-trade argument from the free trade element in western Canada; for years they have expressed just what the hon. member has expressed: Give them a chance to buy their implements of production cheaper and they can compete with the greatest producers in the world.

An hon. MEMBER: Why not?

Mr. ROWE (Dufferin): Why should the implements of production not come in free? Since I have been in this house I have heard that question asked over and over again. I watched the present government, when they were in power between 1921 and 1930, lower the duty on farm implements, and I watched those implements rise in price. I recall that after they had lowered the duties over that number of years, in 1930 farm implements were higher as regards every item than they were in 1921 when the Liberal party came into power. I have also watched the late government raise tariffs, giving encouragement to Canadian industry and employment to Canadian workmen, with the result that every article from a hoe to an eight foot reaper lowered in value when the duty was raised. It may seem a strange coincidence that since the present government came into power, since they have negotiated this wonderful agreement with the United States, farm implements have again risen in price. Surely, Mr. Chairman, three times is out, and the hon. member has seen it go three ways already. He has watched his own party lower tariffs and the price of implements go up; he has seen our party raise tariffs and the price of implements go down;

he now watches his party lower tariffs and the price of implements go up. Members of his own party ask, why? The price spreads committee have investigated and reported, and hon. members will find in that report practically everything one can expect to get out of the commission as to the reason why prices have risen. So there are more myths than those of the protectionist.

Mr. DUNNING: May I just suggest, without being too rigid, that I think there is a rule which perhaps I as well as other speakers have somewhat transgressed in this discussion. I think the rule in committee is that the discussion must relate directly to the matter under discussion.

With reference to the last remark of my hon. friend from Dufferin-Simcoe (Mr. Rowe), if it is true, as he states with respect to farm implements, that a reduction in the duty puts the price up, that rule should also apply to hogs, so his previous theories are ill-founded.

Mr. ROWE (Dufferin): The two commodities are not manufactured in the same factory.

Mr. ROSS (Moose Jaw): My hon. friend says that the hog raisers of this country received $36,000,000. If they did so it was at a cost to the farmers of Canada of about $360,000,000 in other ways during the same time.

Mr. BENNETT: I was going to point out that this item divides itself into two parts. I endeavoured to indicate that the rate on this class of meat going into the United States is six cents, while on meat coming from the United States or any other country covered by the most favoured nation clause the rate will be three cents, because the countries that have most favoured nation treaties with us will get the benefit of the lowest United States rate provided in this agreement. But there is another class of which I have not spoken and to which I desire to direct only a few words. The effect of giving the intermediate tariff to the United States is to enable their meat to come into this country for $1\frac{1}{4}$ cents per pound where previously it paid the general tariff rate of five cents.

Mr. DUNNING: That is on bacon.

Mr. BENNETT: Yes, that is on bacon.

Mr. DUNNING: Not in this item.

Mr. BENNETT: But it arises out of the intermediate tariff being given. I do not propose to traverse the observations made by the hon. member for Moose Jaw; I am only going to read what was said in that connection by the Secretary of State of the United States. He may have been entirely wrong and the hon. member for Moose Jaw may be entirely right, but this is what he said, that Canadian concessions on meats and meat products duties will open the way "for our farmers to get back a bigger share of the British pork market. The new agreement will permit American pork to go to Canada to replace Canadian pork exported to Great Britain, thus, in effect permitting increased exports of American pork to Great Britain." I hardly think anyone who has observed the history of the growth of the bacon and pork industry in this country since 1932 would make the observations that have been made in the house this afternoon.

One of the leading supporters of the Liberal party, a gentleman who prides himself on the fact of his notable contributions to it, Mr. McLean of Canada Packers, has issued a booklet which I think he has put into the hands of every member of this house. In that booklet he pointed out, rightly or wrongly, that the effect of the agreement made here in 1932 was to put into the hands of the farmers of this country not less than thirty-six millions of new dollars, not by reason of a tariff alone but because we had free access to the markets of Great Britain and Great Britain imposed a tariff against foreign pork products. The result was that the 1932 agreement prevented the farmers of the United States from selling their products in Great Britain without the payment of a duty, which was imposed by Great Britain and not by Canada; thereafter their products did not enter that market except to a very limited extent, and we obtained the benefit of that. Mr. McLean said that that meant some $36,000,000 to us. I do not know whether that is a correct estimate, though I am informed by the hon. member for South Waterloo (Mr. Edwards) that another packing firm, Wilsil's, of Montreal, made the same estimate. This I do know, however, that to a very considerable extent we supplanted Denmark in the British market because we had free access to that market. We fixed a quota so large that as yet we have not reached it, and as a result Canadian farmers have had a ready, stable and continuous market for their products in Great Britain. It has been the most stable market, according to the representatives of the packers, that we have had in Canada since we became a dominion. As a consequence we have steadily increased our exports; we have supplied more and more bacon to Great Britain, and because of the duty imposed by Great Britain the United States has been unable to send her products to that market.

Now I am merely pointing out that as a result of granting the intermediate tariff we have done two things: first, we have bound ourselves not to increase it on the item during the currency of the agreement. That is, the rate has been cut in two, from six cents to three cents, but the United States rate against our products still remains at six cents. There is no reciprocity in that, at least. Second, under the schedules of our country there was a duty of five cents on bacon and various duties on other kinds of meats. In the case of bacon this has been cut to one and three-quarter cents, not because we have taken direct action in that regard but because we have lifted the item from the general into the intermediate tariff. The result is that from January 1 last on the United States enjoys our markets by surmounting a barrier of only one and three-quarter cents per pound, whereas previously it was five cents.

The only point I desire to make is that Secretary Wallace has said that this is going to mean a great thing for the farmers of the United States. He, I believe, should be able to speak on that point with more authority than anyone in this chamber, and that is his view. I merely leave the matter at that, but I am grateful that at least the government have reserved the right to deal with the intermediate tariff and increase it if necessary with respect to meats other than the item mentioned in this schedule. They are free to take any action they like in raising the tariff, if need be, to protect the Canadian producer except with respect to this one item. This one item is bound, but this one item may be made very wide or it may be made rather narrow, depending, as the hon. member for Huron North (Mr. Deachman) said, on the quantity of clear pork that is taken by this country. There was a time when we relied entirely on the United States for the clear pork that came in barrels and went to the lumber camps and other places. Latterly that has not been so to the same extent, and very lately, by reason of the tariff we imposed in 1930 and 1931, we have reduced importations from the United States until they have become practically negligible, though under a three cent rate they did go up as high as 14,000,000 pounds of pork meat alone. That is the position.

Mr. ROSS (Moose Jaw): If, as the right hon. gentleman states, the dominion, under the agreement, obtained a larger market for hogs in Great Britain, I want to be one of the first to give him credit for having made an agreement that brought some benefit to the farmers of Canada. However, when we say that lowering the tariff on pork coming into this country is going to take away from Canadian farmers the British market for pork, we presuppose that the man in Canada cannot raise pork as cheaply as it can be raised by the man in the United States.

Mr. ROWE (Dufferin): Certainly we cannot.

Mr. ROSS (Moose Jaw): Of course we can, and if you will take your tariffs off other things we can produce it even more cheaply. If we have a better market in Great Britain for certain kinds of pork and pork products all the better for us, but as a farmer—and I have raised a good deal of pork in this country—I would say that we do not need any tariff protection on pork or pork products coming into Canada. What we do need is a reduction in the tariff on the things we buy, not on the things we sell, because we sell our pork and everything else in world markets. If we get a better market in England so much the better, but we must meet the competition of the United States in the markets of the world.

Mr. CAHAN: Where is the world market?

Mr. ROSS (Moose Jaw): Anywhere you can sell pork, the same places as those in which the United States can sell it.

Mr. CAHAN: I challenge the hon. gentleman to find any world markets for either the meats or the agricultural products of Canada.

Mr. ROSS (Moose Jaw): My hon. friend challenges me to find any markets for meats or any other agricultural products of Canada. There is one great reason why we have not had a market for the last five years; it is that we would not take in return for those products the things we could bring into this country.

Mr. MacNICOL: I was pleased to hear the hon. member for Moose Jaw speak kindly of the market Canada obtained in Great Britain as a result of the Ottawa agreements. I should like to hear him speak kindly also of the manufacturers, employers and employees of same, particularly in Quebec and Ontario, since they provide the very finest home market for the producers of farm products in Canada. I should like to tell him of just what the Americans think is the effect this agreement will have on the market for American farm products. I have under my hand a number of clippings from United States newspapers, and I should like to read some of the clippings that apply to this item. The first is from the Phoenix, Arizona, Star, and it states:

In no sense has it wiped out any existing tariffs. It has merely reduced tariffs. In the

case of cattle, for instance, the tariff has been reduced from 3 to 2 cents per pound on animals weighing under 700 pounds, but only 155,000 such animals will be admitted at the lowered rate. As this number amounts to only three-quarters of one per cent of the total annual consumption of the nation the cattlemen have nothing to fear.

If the cattlemen in the United States have nothing to fear, neither have the Canadian producers of cattle very much to gain from that item. Now I should like to read another United States newspaper comment on this agreement, this time quoting from the Miami, Florida, Post:

With industrial payrolls up, the farmer and the dairyman will gain.

Of course they will. I do wish the representatives of the western farmers, for whom I have the very highest regard and whose problems I have tried to understand, could see these matters as I do. Perhaps if I were farming in the west I might be just as bitter as they are against producers in eastern Canada and against the workmen in the factories of the east, but I hope not.

The CHAIRMAN: I would ask the hon. member to confine his remarks to item No. 10.

Mr. MacNICOL: Very well, Mr. Chairman. But in any case I do not see that I am not addressing my remarks to item No. 10, since those employed in industry in Ontario and Quebec provide a market for farm products; naturally they must be the consumers of meats and other commodities, and I am anxious to convince my hon. friend, for whom I have a very high regard, that these workmen in Ontario and Quebec, yes, and in other provinces are a very great factor in the prosperity of the farmers of both the west and the east. As I pointed out the other day, the counties of Waterloo and Huron present a concrete example of that. So, if the industrial workers in Quebec and Ontario, numbering hundreds of thousands, are consumers of meats and other commodities—and they are—we should not do anything to injure the prosperity of those workers. A little later on, when the machinery items come up for discussion, I will read many editorials from United States newspapers showing that, in the opinion of the press, this agreement is going to be of tremendous benefit to industry in the United States, resulting in the engagement of thousands and tens of thousands of workers in the factories of that country. I have no fault to find with United States workmen getting work; I like to see men anywhere get work, but in this case it will interfere with the consuming power of workmen in Canada and will affect the farmers of Ontario and Quebec as well as those of the west because both Ontario and Quebec buy from the west. I have not the figures before me, but I know we buy thousands of head of cattle from the western provinces.

Mr. ROSS (Moose Jaw): In reply to my hon. friend I may say that we from the west have nothing whatever against the manufacturers or the workmen of Ontario or Quebec. The hon. member says that we are bitter against them, but we are not. We never have been, but we do say that we should not be subjected to a tremendous exploitation for the benefit of those people, and that is what has been going on in this country for many years. As a matter of fact, if you will look up the report—

The CHAIRMAN: Order. I must ask the hon. member to confine himself to item No. 10.

Mr. DUNNING: I would refer you, Mr. Chairman, to paragraph (2) of standing order 58, which reads:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

I do not apply that to my hon. friend from Moose Jaw only; I apply it rather in a general way.

Mr. ROSS (Moose Jaw): Very well, I will get back to the item, which deals with meats. Cattle are meats, I understand, on the hoof. My hon. friend said that Secretary Wallace or someone else had stated that this small amount of cattle going to the United States certainly could not affect their market to any great extent, and for that reason we could not expect much benefit from this item.

Mr. BENNETT: That was not what he said.

Mr. ROSS (Moose Jaw): Just a couple of months ago I happened to take part in a by-election that was held in Assiniboia, Saskatchewan, and at that time I happened to meet some of the ranchers of that part of the country. This trade agreement had just come into operation, and I met a rancher who told me that he had just shipped some 248 head of cattle to the United States under this agreement. He said that he had gained $10 per head on those cattle, and he told me that if he had known, when he was shipping last fall, that such an agreement was coming into operation, he could have made that gain on some 2,400 head of cattle he marketed at that time.

Mr. ROWE (Dufferin): What does he say now?

Mr. ROSS (Moose Jaw): He told me that this gain of $10 per head on those 248 cattle that he marketed helped greatly and, in fact, almost paid the expenses of running his ranch for this year. Surely that was a great benefit to a Canadian rancher, so I think we can say that already this agreement has been of great benefit to people in Canada who are in the live stock business, shipping cattle to the United States. Otherwise, why are there so many more hundreds or thousands of cattle going across the line to-day than there were a year ago?

Mr. DEACHMAN: Before this item passes I want to add another word, and I promise to confine myself strictly to the subject of hogs. I venture to suggest that the increased prices which have been mentioned come about because of the difference in the hog population of Canada. In 1911, according to the Canada Year Book, there were 3,600,000 live hogs on the farms of this country. In 1931, there were 4,699,000, and in 1932 there were 4,636,000. Every farmer in this house knows that in 1931 and 1932 prices for hog products in Canada were very low. Some of my friends in western Canada could not get sufficient for their hogs to pay for the cost of shipping them, and there was practically no market for hogs in western Canada under the government in existence at that time. Then the number of hogs was reduced, and in 1934 it amounted to 3,654,000. In connection with the increased consumption of hogs and hog products which must have taken place in Canada between 1911 and 1934 may I say that there must have been a substantial increase in the number of hogs consumed at home, because our population has increased. At the same time there was a decline from the peak years of 1931 and 1932 in the number of hogs on Canadian farms. Taking almost twenty-five per cent out of the hog population of Canada would cause an increase in the price of live hogs and hog products, no matter what government happened to be in power.

Mr. SENN: I should not like to have the remarks just made go unchallenged. For the past few years we have been marketing approximately 6,000,000 hogs per year. Whether the numbers on farms go up or down the numbers on the markets have remained fairly constant. Mr. McLean, who was mentioned as being head of Canada Packers, Limited, has said that in the first year of their operation the agreements raised the price of pork at least $3 per hundred. Although I may be getting away from the subject I think that statement ought to be made. On a two hundred pound hog the increased price would amount to $6, and I would remind hon. members that in that year, and in each year since, 6,000,000 hogs have been marketed. Whether or not the hog population has dropped off is apart altogether from the question.

There is another fact I should like to mention, namely, that during the last three years our exports of bacon to the United Kingdom have increased to a point at which they are almost doubled. It seems to me that the hon. member who has just attempted to show that the price of hogs is due to a lessened population of hogs rather than to the market we have in Great Britain is quite wide of the mark.

Mr. DONNELLY: I have listened to hon. members speak about the amount of money saved to the farmers of Canada because of the operation of the empire agreements. I believe the statement was made that $6,000,000 more was received by the hog raisers of Canada.

Mr. SENN: $36,000,000.

Mr. DONNELLY: As I have travelled round the country in the past five or six years I have wondered where that $36,000,000 has gone. I have tried to find some of the farmers who have received it, and when I have gone out to the farms and have told them this story they have begun to laugh. I have asked them to put their hands in their pockets and see if they could find that money. I have yet to find a farmer who will admit that he has received any of it. Surely the farmers in Ontario must have it, because we in the west have not that money. I assure hon. members that if they will go to the west and travel among the hog or cattle raisers they will not find that amount of money. I will tell hon. members right here and now that no class of people in Canada have suffered more than have the live stock men, whether they be raising cattle or hogs. They are just as hard up as are some of the wheat growers in western Canada. We know that for many years the market for Canadian cattle was in England. We know, too, that our natural market is across the border, in the United States, and if we are giving a preference to cattle exported to the United States we are giving an advantage to farmers in western Canada.

Hon. members ask what the situation is to-day. I want to tell them that if they have good butcher cattle they can get a good price for them across the line, but

if they have only stockers and feeders they will not receive as good a price because their bins have not been emptied. If we were to wait another month or two, until spring opens up, and until a time when stockers and feeders would have emptied out the bins we would get a better price.

The CHAIRMAN: I must ask the hon. member to confine himself to the subject under discussion.

Mr. DONNELLY: I am talking about the price of live stock.

The CHAIRMAN: There is an item referring to cattle.

Mr. DONNELLY: Very well; with reference to prices for bacon and pork may I say that we know the price of bacon is set in England. However I want to say to hon. members that we did have a market in England for all the bacon we could sell; we always had that market. For years we had an open market. There is one point, however, which must be mentioned, namely, that in the English market we have never been able to get anything better than the Baltic price. Do hon. members suggest that Canadians cannot raise as good pork as is raised in Denmark or other European countries? Of course we can. Then, why do we not receive as good a price? We do not receive that price because of the way in which the pork is handled at the abattoirs. Our farmers go to the abattoirs and sell a thousand hogs as No. 1 bacon, but those thousand hogs are not shipped out under that grade. Possibly the abattoir will ship 2,000 as No. 1 grade. The poor bacon that is shipped to England sets the price. I would recommend that the Minister of Agriculture make an investigation as to why our abattoirs are allowed to ship out more No. 1 hogs or No. 1 bacon than they buy from the farmers. That is the difficulty so far as the price of bacon is concerned.

May I say that United States bacon does not compete with ours. We ship bacon to the United States, because the American hog is not a bacon hog. It is a fat, short hog which is raised for its fat, and is not produced for bacon. I repeat that they do not raise a good bacon hog, and we do not compete with them. All hon. members have seen coming from the United States pork on which there have been three or four inches of fat. That pork is found in the lumber camps, and it is a fair sample of the kind of pork raised across the line. That is the kind of stuff that would be coming into Canada. If we cannot compete with pork of that kind we are not farmers at all. Canadian farmers are not asking favours from anybody. We can compete with the world, but we do want markets in other countries and fair market conditions.

Mr. ROWE (Dufferin): It would appear unnecessary to answer the hon. member who has preceded me, because I believe the answers to his observations may be found in what he has said. However I must not leave unchallenged the statement that no farmer in Canada would admit he had received more for bacon or meat because of the imperial trade agreements. I tell him that practically every two or three months of the eighteen months to which I referred previously I received double the amount that farmers in the United States had received for a similar type of bacon.

The hon. member attempts to tell the committee that nothing but a coarse type of bacon would come from the United States. I do not believe the hon. member for Moose Jaw (Mr. Ross) said that. I realize that in the United States pork can be produced more cheaply than it can in Canada. Whether or not the hon. member for Moose Jaw will agree, I think every other hon. member realizes that pork can be produced more cheaply in that country. In the western states the farmers can feed grass when it is forty degrees below zero, and the stock can be fed corn.

Mr. McLEAN (Melfort): Where in western Canada can they feed hogs outside at that temperature?

Mr. ROWE (Dufferin): There are several states in the United States where hogs can be fed outside practically all the year.

Mr. McLEAN (Melfort): On grass?

Mr. ROWE (Dufferin): Yes, on grass, corn or rattlesnakes, if you like. In the United States hogs can be produced more cheaply than we can produce them.

The hon. member who preceded me has said that farmers in the United States do not produce good bacon. In making that statement he shows that he does not know much about the bacon trade. I realize it is hard for a man to be a doctor of everything, but surely he will admit that for years the Swift company in the United States was one of our greatest competitors on the British market. They produced as good export bacon as we did. I note what the hon. member said with respect to bacon shipped from Canada to the United Kingdom, and I realize that there is a certain amount of truth in his observation. However I suggest that it is unfair to charge the abattoirs with not shipping good bacon, because I believe some

of the blame should be placed on the farmer. The quality of bacon is decided to a greater extent in the farm barnyard than in the abattoir. So far as shipping it out of Canada is concerned, I think in all fairness to the abattoirs we must realize that there is a demand in Canada for good quality bacon, and there are many members of this house, including the Minister of Finance (Mr. Dunning)—who will no doubt have quite an appetite to-morrow after all the hard work he is doing to-day in this house—who would be very much disappointed if they found on their breakfast table to-morrow morning only the type of bacon, what is called rattlesnake pork, that comes in from the United States.

Mr. DUNNING: I like my breakfast bacon very much.

Mr. ROWE (Dufferin): Certainly, and thousands and thousands more Canadians want their breakfast bacon to be of high quality. Schneiders of Waterloo have a plant that has been producing high class bacon for years, and you cannot expect the packers at Toronto and other points in this country to send their best bacon out of Canada and retain only their coarser qualities to compete with Schneiders and other high class producers in this country.

Mr. MacRAE: Does the hon. member think it is good policy for Canada to send out poor quality bacon?

Mr. ROWE (Dufferin): No, I quite agree that we should send more of the good quality, but there is a constant demand in Canada for high class bacon. We consume in Canada from ninety-five to ninety-seven per cent of our pork and pork products. We have been struggling for many years to get a more balanced production, to produce more bacon and other finished products, using more of our own grain rather than having it left in the elevators, and it is bad business to encourage the importation of this product when we could be using wheat as feed and in that way get rid of some of our unsold grain. The principle is absolutely unsound and very dangerous.

Mr. DUNNING: Might I just point out that in this item there is not a hog, not a bit of pork, nor any cattle, with the single exception that sausage comes into it.

Mr. ROWE (Dufferin): Where do you get the sausage?

Mr. DUNNING: I think, Mr. Chairman, that we might now pass this item and have the different subjects come up for discussion on the proper items.

Mr. ROWE (Dufferin): As long as you have sausage in there, you have them all.

Mr. STEVENS: Mr. Chairman, I realize that you are right and that most of this discussion is out of order. It is not my intention to violate your ruling; I simply wish to say that when the agriculture estimates are up it is my purpose to discuss this question of export bacon and the price of hogs, the part that is played therein by the packers, both in Canada and the United States, and other matters pertaining thereto. It would be entirely out of order, of course, for me to do so on this item.

In order to justify my position on this item I would call the attention of the committee to the fact that it provides that meats, prepared or preserved, other than canned, n.o.p., shall carry a duty of three cents per pound under the intermediate tariff, which is the tariff applied to the United States under this agreement. The reason I am prepared to support this item is simply that I think three cents is a sufficient duty, but it would be unfair to myself and others who might hold similar views to allow the impression to go abroad that I am entirely in favour of a very low rate of duty on imports of meats of all kinds. This, however, is not the proper item under which to discuss that, and I am simply serving notice to the committee that by acquiescing in this item I am not expressing approval of many of the views that have been expressed here to-day.

Item agreed to.

Customs tariff—ex 47. Soya beans, n.o.p., free.

Mr. BENNETT: Would the minister explain why this item is made free?

Mr. DUNNING: Our imports of soya beans are not separately recorded. The only provision in our tariff at present is item 663. Prior to the coming into force of the treaty, soya beans could be imported free when imported for use in the manufacture of cattle feeds and fertilizers. The statistics of imports under this item cover a number of commodities and do not segregate soya beans. There is a limited production in Canada, particularly in southwestern Ontario, but so far the record of this crop in this country has not been an extremely encouraging one. In at least two or three recent years the crop has been disappointingly small with extremely high prices, the latter being in part a reflection of conditions prevailing south of the line, where demand has outstripped supply. The great natural source

of soya beans up to the present time has been the orient, it being one of their staple products and one of the great necessities of life in China and Manchukuo. As the field of use has widened in Canada, the demand has grown, and in no sense of the word has production kept pace with the demand. In recent years various governments have been requested repeatedly for action by order in council whereby soya beans for this or that purpose might be imported free of the duty of two cents per pound which they had to pay when imported as beans n.o.p. Under the trade agreement, as indicated by the present item, soya beans are made free regardless entirely of the purpose to which they may be put in this country. The United States rate on soya beans is two cents per pound.

Mr. BENNETT: I just want to make a few observations on soya beans because my hon. friend from Lincoln (Mr. Lockhart) dealt with the matter very fully yesterday. If any member of the committee happens to enter Chicago at the central station and will go upstairs and look at the exhibit of soya bean products he will get a clear understanding of what soya beans mean in the economy of that country. It is estimated that 592 products can be produced from soya beans. I do not know how accurate that statement is; I do not pledge myself to its accuracy.

Mr. DUNNING: A very great number, anyway.

Mr. BENNETT: Next to coal tar products it is one of the most remarkable products we have in the number of derivatives that may be produced from the beans themselves—duco for example, for painting cars; oil for soaps, cake for feeds, and oil refined for other purposes. That will give the committee some idea of what is involved. During all these years we have been endeavouring in this country to secure variety of crops, and the late government was asked very particularly to see what might be done with respect to soya bean production. Last year we had ten thousand acres sown to soya beans in Canada; roughly five thousand acres went for ensilage and so forth, and the other five thousand acres produced beans. There is a small factory at Stratford which had many difficulties, but is now in a better position, and there is a factory in Montreal, that extracts the oil from the beans and sells it to the soap factories. This was one of the most fertile fields for development that I know of in this country. Now it has gone.

[Mr. Dunning.]

There will be no development of it with the free entry of soya beans into Canada; in the very nature of things it is quite impossible. In the first place the greatest field of production is in the orient, in Manchukuo where the beans are grown in larger quantity than anywhere else. In the valley of the Mississippi in the United States the production has increased very rapidly, but so great has the demand grown that it was with difficulty we could secure any quantity of soya beans from the United States, and the price became very high. The protection given to the farmers of the United States in the production of soya beans is two cents per pound, if my memory serves me aright. We did give the same rate of protection in our general tariff with a slight reduction—I think the rate was 1½ cents—on the intermediate, and it was free under the British preference. Now it becomes free to the United States, but that means that it is free to Japan and to all other countries that enjoy the most favoured nation treatment. I take it that it is free to Japan.

Mr. DUNNING: It always has been, under the intermediate, for certain purposes.

Mr. BENNETT: There is no question about its being free in any event to Japan and to all the other countries that enjoy the most favoured nation treatment. A great many of these items were free, but all countries that now enjoy the most favoured nation treatment in Canada will have the same protection as we accord to the United States. I do think it was a mistake to bind this item. In the first place it is a leguminous plant; as a matter of fact it is cut with binders in the field. In the next place production has been very high per acre where the soil is suitable; and the variety of products made from it rendered it highly profitable. I do not know that any field ever offered a greater opportunity to the Canadian farmer, in the sections where it could grow, than did soya beans; and when I saw that it was on the free list and bound, I confess I felt it was rather unfortunate. My hon. friend was wrong about the intermediate. The intermediate was 1½, except where the product is used for specified purposes, namely, for food, and then it was free across the board. But soya beans, for the general purpose I have mentioned, the extraction of oil and the production of various derivatives to which I have made slight reference, carried a duty of 1½ intermediate and 2 per cent general and was free under the British preference. It is now free to the United States and thereby free to twenty-seven other countries. I had hoped that it would not be, for the reason I have indicated. It offered the greatest opportunity

for development in connection with our farm industry. My interest in it came about in a very accidental way. Many years ago, passing through the central station at Chicago, waiting to change trains, I happened to go upstairs to the news stand and went over and looked at the exhibit. I do not know whether it is there now, but it certainly did give me a most remarkable insight into the possibilities of the industry.

Mr. DUNNING: It was first in the exposition and was afterwards in the station.

Mr. BENNETT: Then my hon. friend has seen it; he is familiar with it.

Mr. DUNNING: It is very remarkable.

Mr. BENNETT: It is indeed very remarkable, and what does rather distress me is the fact that we shall lose the chance to develop that industry in Canada. In the first place it cannot be done with the United States having a two cent duty against importations, when we now find countries enjoying the favoured nation treatment having free entry. We cannot develop the industry under such circumstances. The United States found it essential, against eastern competition, to place the tariff at two cents and that is still maintained. But there is another reason, and that is that the definition with respect to class or kind not made in Canada at once arises and the producers have not been capable of supplying ten per cent of the oil necessary for soap making. The little factory at Stratford did not succeed; with respect to the one at Montreal I cannot say anything at the moment, but we were asked to permit machinery to come in at a lower rate of duty or free in order that the industry might be established. I am told that about 5,000 acres of the product was used for ensilage. There is also the secondary market which has been mentioned by the hon. member for Lincoln. It has taken the place of peanuts when roasted, and its sale is larger than that of peanuts because it is regarded as a more delectable food. The effect is nothing more or less than to prevent, during the currency of this agreement, the establishment of what I should regard as a very important industry in that section of the country where soya beans may be grown, it being of course, as my hon. friend says, an agricultural product.

Mr. ROSS (Moose Jaw): I do not wish to take issue with everything my right hon. friend says, but after all this is a crop that is grown in more or less tropical countries.

Mr. BENNETT: Canada is not tropical.

Mr. ROSS (Moose Jaw): It grows principally in semi-tropical countries, in China and in the southern states. My right hon. friend says that it will interfere with the development of an industry that might be built up in Canada. Well, if Canada is adapted to the growing of soya beans we shall start to grow them, provided they can be grown in the ordinary way. But are we to bolster up a new industry again, thereby charging the people of the country a large amount for, as he says, some 592 products required by the world? We should be careful about what we are doing in this regard. We are not trying to protect one of the infant industries which we have been protecting until they have grown hoary with age. This is a new one we are talking about and there are no vested interests in Canada in connection with it. Let us not start setting up in this country more vested interests, which have to live on a dole from the people of Canada as a whole, in order that one section may be given pap from the Dominion of Canada for the benefit of a few people. Perhaps a little corner of the Niagara peninsula might grow these beans.

Mr. MacNICOL: Just a word or two in reply to the hon. gentleman. I should not have expected him to oppose this item, because as far as I know the manufacturers—if he were alluding to them—are not opposed to it; it is the farmers who should be opposed. I was told by one of the men in the business that there are approximately 10,000 acres in western Ontario to be put under crop for the raising of soya beans.

Mr. ROSS (Moose Jaw): Mostly for feed.

Mr. MacNICOL: This is a farmers' item, not a manufacturers' item. As the leader of the opposition has said, there are a great number of commodities made from soya beans. I visited in Dearborn, Michigan, a research plant built by the Ford interests where there are displayed a large number of the products made from the soya bean. I will read, for the information of the hon. member for Moose Jaw, something that will indicate that it is not merely a tropical product. The Review of Decatur, Illinois, in supporting this item in the agreement, says:

> This year Illinois farmers have produced more than 18,000,000 bushels of soya beans, half the crop of the country. The uses being made of soya beans are growing. Canada does not grow soya beans, at least not on a commercial scale such as the crop has developed in the middle west.

Apparently, in the framing of the agreement, someone at Washington was under the impression that Canada does not grow soya beans, but we are going in for it now, and it should be of benefit to the farmers in

western Ontario. From this article I would conclude that they are now raising in the state of Illinois the largest crop in the world, outside of Manchuria, of course.

Mr. CAHAN: And Illinois is not a tropical country.

Mr. MacNICOL: For my part I should imagine that the manufacturers would not oppose this because they would welcome having their beans come in free provided they could not obtain all they required in Canada. But for the farmer who wants to get into it, I want to support anything that will help him in Ontario, in British Columbia or any other province, for that matter. I am now speaking of those who I know were engaged in this business in western Ontario. If the soya bean helps them I am for it, because when the farmer has prosperity we all have prosperity.

Mr. DUNNING: I should appreciate it if the committee would allow me to pass the soya bean item. I would then suggest that the committee rise and report progress and endeavour to arrange for my hon. friend the Minister of Pensions (Mr. Power) to get into committee of supply some time before six o'clock. I have only this to say with respect to the remarks of the leader of the opposition. The soya bean is certainly a fascinating bean—I mean that seriously. I do not know of a commodity that grows for which a greater variety of uses has been discovered by man. Broadly one may say that it will grow where corn can be produced commercially. Those areas of Ontario which can produce corn commercially—and they are very small—have a chance, I am advised, to produce soya beans commercially; but the fact that during recent years of very high prices for soya beans the area under cultivation devoted to this purpose in the whole of Canada has not grown beyond ten thousand acres, at least half of which was used for feed, indicates something of the difficulties. I might point out with reference to soya bean oil that it has been free under all tariffs for years past, and soya beans themselves have been free for years for use in making cattle foods and fertilizers, which are among their most prominent uses in this country. During the last five years the finance department has had literally scores of applications for the free entry of the beans, the oil and the meal for various purposes, including foods for human use, oil for industrial uses, soya bean flour for various uses, and it is a moot question whether by having access to all the uses that can be made of soya beans grown elsewhere the Canadian citizen would be better off than he would be as a result of an attempt to develop on any important scale the growing of soya beans in Canada. I should be pleased to be able to believe that we could add another product to what is produced from the top six inches of our soil, and particularly so important a product as the soya bean, but up to now—

Mr. CAHAN: Will the hon. gentleman allow a question? Is he sure that soya beans can be raised only in a country that produces corn commercially?

Mr. BRADETTE: Surely. Any farmer knows that.

Mr. CAHAN: Certainly in Manchuria they are producing soya beans in large quantities. They have a country very similar to our own northwest, very similar indeed to Alberta.

Mr. DUNNING: I was endeavouring broadly to indicate the kind of farming country in which it can be produced. I cannot say definitely to my hon. friend that Manchuria is or is not capable of producing corn. Of course I do know that it does produce large quantities of the soya bean.

Mr. CAHAN: Enormous quantities.

Mr. DUNNING: I have enough confidence in the enterprise of Canadian farmers in every province to know that, with the aid in connection with this matter that has been given by experimental farms from one end of Canada to the other in the last twenty years, if it had been practicable commercially, enterprising Canadian farmers would have been growing soya beans at the high prices that have prevailed and are likely to continue to prevail during the next few years.

Mr. MacNICOL: Has the minister any report on the results the farmers have had in western Ontario—Essex, perhaps, Elgin, Norfolk and Lambton—in raising soya beans?

Mr. DUNNING: No.

Mr. MacNICOL: I am not sure that they raise them in all those counties, but a gentleman to whose little factory the leader of the opposition has referred told me that quite a number of farmers in western Ontario are now raising soya beans, and I wondered whether the minister could say what quantity is being produced.

Mr. WOOD: I think I can answer the hon. member, not statistically but from a practical standpoint. A few years ago a neighbour of mine tried the experiment of

growing soya beans. He had very good success in, I believe it was, the year 1930, because it was a very warm summer, a protracted fall, and a dry season; everything was favourable to the growing of soya beans. He became very enthusiastic. But since then his attempts have been a failure, and I have seen many failures in my own community in the last five years. I would say that you cannot get an average of one crop in five years. You can grow crops for ensilage purposes, hay and feed—and it is valuable feed—but you cannot produce it as a bean proposition. You might be able to do so if you confined it to the two counties of Essex and Kent, but I doubt whether it would be considered a valuable farm crop elsewhere.

Item agreed to.

Progress reported.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

PENSIONS AND NATIONAL HEALTH

Grant to Canadian Legion, $9,000.

Hon. C. G. POWER (Minister of Pensions and National Health): This is an item which was inserted in the estimates of 1928 as a result of a report of a parliamentary committee of that year which provides that the Canadian legion, for the purpose of looking after its service bureau, should receive a grant from the government, of, at that time, $10,000, since reduced to $9,000. The Canadian legion make a report annually indicating the amount of money which they have expended. They are supposed to put up dollar for dollar.

Mr. HEAPS: Do they put up dollar for dollar on this account?

Mr. POWER: Yes.

Mr. HEAPS: May I ask the minister if any other returned soldier organizations do similar work and receive grants from the government? Is the legion the only body that receives a grant, or have requests been made on the part of other soldier organizations for similar grants?

Mr. POWER: No such requests have been made to me since I came into office.

Item agreed to.

Grant to Last Post fund, $60,000.

Mr. WOODSWORTH: Would the minister explain how this fund has been administered during the past year?

Mr. POWER: Does the hon. gentleman wish me to give him the details of how the fund was started?

Mr. WOODSWORTH: No, I think we know that in a general way. I had reference to the recent administration.

Mr. POWER: As the hon. gentleman knows, this is a voluntary organization subsidized by the government. It looks after the burial of ex-service men who die without funds, and it also looks after the placing of markers on their graves. It was started in 1922-23, and the amount paid out in that year was $9,271.59. In 1931-32 it rose to $40,000, and I think in the supplementary estimates of 1934-35 an additional sum of $20,000 was provided. This work is carried on under regulations laid down by order in council. I have not the order in council with me, but it is rather lengthy, containing all the regulations governing the subsidy paid by the government to this organization.

Mr. WOODSWORTH: Would the minister say how many cases are covered by this expenditure?

Mr. POWER: During 1934-35, the latest figures available, there were 606. As my hon. friend can well imagine, the number of burials is gradually increasing. The number has increased as follows:

1922-23	83
1930-31	362
1931-32	430
1932-33	523
1933-34	539
1934-35	606

I have not the figures as to the number of burials from March 31, 1935, to December 31, 1935, but they are very easily procurable.

Mr. HEAPS: Can the minister say whether these burials have reached their peak now, and whether the number is likely to decrease?

Mr. POWER: No, I am afraid not. We all have to go that way pretty soon—

Mr. HEAPS: Which way?

Mr. POWER: I hope to be with my hon. friend; I do not know just where. The number of deaths among ex-service men is increasing very rapidly.

Mr. WOODSWORTH: Who are eligible or what class is eligible, to take advantage of this fund?

Mr. JACOBS: The dead.

Mr. WOODSWORTH: I do not intend to make light of this subject at all.

Mr. POWER: The Last Post fund will pay a maximum of $50 for the funeral and a maximum of $25 for the grave to provide a respectable sepulchre for indigent veterans, that is, veterans who cannot be buried otherwise. As the hon. gentleman knows, the department looks after the funeral expenses of indigents who die in departmental hospitals, and this fund has to do with ex-soldiers who are indigent and who die outside of the hospitals.

Mr. MacNICOL: Could the minister give us the number of those to whom this assistance had to be given during the past year?

Mr. POWER: I have not the figures for 1935 but I have them for the fiscal year 1934-35, when they totalled 606.

Mr. MacNICOL: Just one other question in regard to this item. Christie Street hospital, Toronto, was in my riding, though it is not in it now. The cemetery largely used is the soldiers' plot in Prospect cemetery. I was just wondering what means the government uses in directing from whom the caskets shall be purchased, or does the government make any direction in that regard? If so, what is the standard of the caskets used for the bodies of those whose families have to obtain this relief?

Mr. POWER: When soldiers who have no other resources die in departmental hospitals the department looks after their burial. The choice of the casket and of the undertaker is left to the relatives of the soldier. A certain amount of money is provided, I think $75, to look after the expenses of the funeral.

Mr. MacNICOL: Do I understand that if a soldier dies at the hospital his relatives are permitted to send for their own undertaker? My information is to the contrary, that the undertaker is selected by the department.

Mr. POWER: My information is to the effect that the relatives of the soldier are allowed to choose the undertaker. Perhaps my hon. friend will remember that in 1932 or 1933 General Ross, the then member for Kingston, discussed this question at great length. I think at that time the minister, Hon. Murray MacLaren, laid down the rules which were to be followed. I have not those rules before me, but my recollection is that the relatives of the deceased soldier were permitted to choose their own undertaker and that the department simply furnished an amount of $75. Perhaps my hon. friend will remember that General Ross objected to the practice which had existed up to that time of calling for tenders from undertakers. I think his resolution was along that line.

[Mr. Woodsworth.]

Mr. MacNICOL: I am very glad to hear that it is the practice of the department at the present time to permit the relatives to select their own undertaker.

Mr. BROOKS: I should like to ask as to the time within which an application must be made after the death occurs, in order to take advantage of this fund. I recall that a few years ago the application had to made almost immediately, and if that was not done no benefit was obtained. I was wondering whether or not that regulation has been changed, because it has worked a great hardship on many people who were not aware of the existence of the Last Post fund, and by the time they obtained the information it was too late to take advantage of it.

Mr. POWER: Of course my hon. friend will understand that this fund does not operate under the control or jurisdiction of the department; it is a voluntary organization. There are local committees set up in different towns and districts, having their own regulations governing applications. I should say that in the normal course of events an application for assistance from this fund must be made immediately. I speak subject to correction, but I am under the impression that it does not very often happen that a refund is made to the relatives after the funeral has taken place. I should not think that would be the case, because it must be remembered that this is a fund for persons who die indigent.

Mr. BROOKS: That is exactly the point. Everyone who dies has to be buried. Whether the friends or relatives of a deceased soldier have funds or not, he is buried, but it is too late then to take advantage of this fund. I know of a number of cases in my own province. As the government is making a contribution to this Last Post fund, there should be a regulation allowing persons to take advantage of it even after the burial. I think the regulation is too strict.

Mr. POWER: I shall be very glad to provide my hon. friend with a copy of the regulation.

Mr. BROOKS: I have seen the old regulation.

Mr. POWER: I am informed that there have been some changes; I will provide my hon. friend with a copy.

Mr. WOOD: I represent a constituency in which there are some five thousand Indians.

My attention was recently drawn to the fact that the right of participation in the Last Post fund has been withdrawn from the Indians owing to the fact that they are wards of the government. I should like to know why that was done. These men did their bit; when they were asked to go over the top they were not asked whether they were Indians or what they were. They were just British.

Mr. POWER: Representations have been made to the Last Post fund along the lines mentioned by the hon. member for Brant (Mr. Wood). Without being able to be definite on the subject I assume that the reason for some distinction being made between Indians and other ex-soldiers is that, the Indians being wards of the government—

Mr. CAHAN: And already provided for.

Mr. POWER: —and already provided for by the Department of Indian Affairs, the administrators of the Last Post fund did not consider they were indigent. But I know that the Last Post fund has always provided $25 for a marker, the funeral expenses presumably being looked after by the department which has the special care of the Indians. I may add that recently the matter has been brought to the attention of the department, and discussions are going on with the Department of Indian Affairs.

Mr. McIVOR: I have officiated at funerals at which the type of burial outlined by the minister was quite in evidence. It was a comfort to the wife and family to know that their husband or brother or father having been overseas and his earning ability considerably lessened, and it having been perhaps impossible for him to get any pension, at any rate he did not have to be buried as an indigent. It was a little bit of comfort and perhaps an evidence of appreciation on the part of the government to give at least a funeral of a much lower standard than that of the ordinary artisan.

Mr. BROOKS: My understanding is that it is not the government that gives the funeral; it is the Last Post fund.

Mr. STEWART: I understood the minister to say that this is an organization to which the government makes a contribution, and that these payments are made from the funds of the organization. Could the minister tell the committee what other sources of revenue the organization has besides the contributions from the government, also whether they render a statement of their expenditures to the minister or the department?

Mr. POWER: I am informed that they are not asked for a statement, but I know they have other sources of revenue. In Ontario a grant has been made by the legislature for the past four years to cover the cost of administration, and so forth, and each municipality is required to pay $15 towards the cost of burial of anyone residing in the municipality for a period of not less than three months who would otherwise have been a public charge. In the cities of Montreal, Westmount, Outremont, Verdun and Lachine, twenty-five per cent of the cost is paid in similar circumstances by the municipality. In Quebec the provincial government has made a special grant for the purchase of the "field of honour" of $1,000 per annum for ten years from 1928. This is extraneous to and not applicable to current burials. In Manitoba the provincial government makes a grant of $500 a year applicable to administration. In Alberta $400 a year for the same purpose is divided between the two branches, north and south. No other branch has any grant so far.

Mr. CAHAN: There are private subscriptions to this fund?

Mr. POWER: Oh, yes.

Mr. HEAPS: Have the government had a statement of receipts and expenditures from the organization?

Mr. POWER: There is a representative of the department on the board, Mr. Scammell, the secretary of the department. We do not receive any statement as far as I know.

Mr. HEAPS: No check is kept of the money that the government gives to this organization?

Mr. POWER: The statement of the fund is audited by chartered accountants, and the representative of the department checks it.

Mr. STEWART: Can the minister give the total expenditures of the organization during the year, without the details?

Mr. POWER: I have no doubt I could readily obtain it from the headquarters of the fund.

Mr. STEWART: It would seem that as the government makes the contribution it might naturally and without any discrimination expect to receive from the organization a copy of its annual statement, or some information as to whether the whole amount is needed, and so on.

Mr. POWER: As far as I am aware this vote has always been considered a very

excellent thing. I have never heard any criticism of the grant. I do not think any government since 1922 has considered it advisable to ask for such a statement, but if the committee thinks it should be had, I will take great pleasure in asking for a report.

Mr. STEWART: I do not want the minister to think that I am criticizing the expenditure at all. It has been made all these years, as he has said. I think it is a very worthy and proper thing that the government should make this contribution. But in the ordinary course, without desiring to limit their activities or be critical in any way, and there being a representative of the department on the board, one would think that the department for its own satisfaction, not necessarily to disclose it to the house, would like to have some report or statement of the activities of the organization. I want it to be understood distinctly that in speaking in this way I am not criticizing the work of the organization or the contribution that is made; I merely suggest that it might be well to have some statement. I know my hon. friend's leader lays down very strictly the principle that parliament should have supervision of the expenditure of moneys voted, and it is a sound principle. So that without limiting their activity or interfering with their discretion, which I am sure is wisely exercised, I think it would be well for the minister's own satisfaction if he had a statement of their receipts and expenditures and their activities and methods.

Mr. JACOBS: That is, you do not expect the declaration of a dividend.

Mr. DONNELLY: Can the minister tell us anything about the regulations for the administration of this fund? Is it possible, after the death of a man in an outlying district, to obtain funds from the Last Post fund, and if so under what conditions?

Mr. POWER: Application is made to the officers of the fund, and the matter is considered by them, without reference to the department. I am not aware of what principles guide them in their decisions, but I do know that there are regulations, a copy of which I shall be pleased to give the hon. member.

Mr. CAHAN: I believe I am a life member of the Last Post fund in the city of Montreal, and I am sure that the funds of the organization are administered with the utmost efficiency and care. There is a careful audit of the expenditures, and I believe there will be no difficulty in the officials of the department gaining access to the audited statements of expenditures for each branch of the Last Post fund. In fact I understand that expenditures are brought to the notice of government officials, and, perhaps tacitly, passed or approved by them.

Mr. DONNELLY: It is my understanding that after a funeral it is impossible to get any amount from this fund. I suggest that the minister would do well to look over the regulations and ascertain whether or not it would be possible to have certain amendments made. There have been instances of funerals in connection with which the need for assistance was apparent, and I believe in such instances some funds should be distributed. Justice should be done in those cases.

Mr. HEAPS: Are moneys from the $60,000 allowed only to ex-service men who served overseas with the Canadian forces?

Mr. POWER: My understanding is that it is allowed to men who served in the imperial forces, and I believe also to those of the allied forces.

Mr. TAYLOR (Nanaimo): Shall we receive a copy of the balance sheet of the Last Post fund?

Mr. POWER: I shall be pleased to forward it.

Mr. TAYLOR (Nanaimo): As a matter of principle I suggest it should be left with the department. There should be information indicating the manner in which the $60,000 is spent.

Mr. POWER: At a later time when I am dealing with estimates, I shall produce a document giving the information.

Mr. DOUGLAS: What is the procedure with respect to the burial of indigent soldiers? A number of officials of the legion have not known the proper steps to take, and as a result many indigent cases have had to be referred to local charitable institutions.

Mr. POWER: In every province and in most large municipalities there are committees of which members of the legion usually form a part. I am afraid it would not be possible for me offhand to tell the hon. member just what person he might call on the telephone in the event of an emergency, but I imagine at all points in Canada, with the exception of a few outlying districts, the committees must be readily accessible. Although Saskatchewan does not subscribe

to the fund, I believe Alberta does. I have no doubt that before entering into a commitment they must have assured themselves that committees in the province were functioning.

Mr. DOUGLAS: I know of instances where officials of the legion experienced difficulty in obtaining assistance, in some cases not being able to get it at all. I know that imperials have been refused assistance from the fund. Of course there may have been some technicalities, but the officials did not seem to know the proper procedure. Action had to be taken by local charities.

Mr. HEAPS: In view of what the minister has said, may I take it for granted that men belonging to the imperial forces are eligible?

Mr. POWER: Yes.

Mr. HEAPS: I should like to have a definite answer, in case of any difficulties arising in the future.

Mr. POWER: I shall check up in the matter, but I am almost certain. One can be sure of nothing, except death. Upon looking up the record I find that the Last Post fund was organized under a dominion charter to prevent the pauper burials of any persons who had served in His Majesty's or allied forces. I believe that answers the hon. member.

Mr. DOUGLAS: I officiated at the funeral of a person who died in Weyburn, but for whose funeral we could obtain no assistance. This man was a member of the imperial air force, but local contributions had to be raised to meet the necessary expenditures.

Mr. POWER: If the hon. member will give me the information privately I shall be pleased to forward it to the officers of the Last Post fund, and ask for an explanation.

Mr. DOUGLAS: I shall be pleased to do so.

Item agreed to.

DEPARTMENT OF LABOUR

Conciliation and Labour Act, $30,000.

Mr. MacNICOL: How is this money spent?

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Chairman, this appropriation is to meet the cost of printing and publishing the Labour Gazette, which, as hon. members are aware, is the official organ of the department, and also to pay the salaries of persons employed as Labour Gazette correspondents. The salaries of these persons, most of whom are in the lower category, range from $120 to $300 per annum. At present there are forty-three Labour Gazette correspondents. Other small payments are made from the vote for wage surveys and statistics, and for the conciliation of labour disputes. The vote covers certain other publications of the department.

Mr. HEAPS: In the last fiscal year how many disputes has the department attempted to conciliate?

Mr. ROGERS: Does the hon. member refer to the number of disputes investigated?

Mr. HEAPS: And the number of boards appointed.

Mr. JACOBS: That has nothing to do with the cost of the Labour Gazette.

Mr. HEAPS: Possibly not, but it has to do with the Department of Labour.

Mr. ROGERS: The hon. member's question might more properly be answered under the vote for the Industrial Disputes Investigation Act. That is to say, this item covers only incidental expenditures connected with the work done by conciliation officers of the department. It is the policy of the department by that means to settle as many disputes as possible through the good offices of the conciliation service. Under the Industrial Disputes Investigation Act boards are set up from time to time, but I would remind the hon. member that that is a separate item.

Mr. COLDWELL: May I ask who are the persons employed? Are they officers of the trades and labour councils, or just how are they appointed?

Mr. ROGERS: Does my hon. friend refer to the correspondents of the Labour Gazette?

Mr. COLDWELL: Yes.

Mr. ROGERS: Where possible the correspondent has some connection with the employment service in the place where he resides, but there is no rigid requirement in that respect.

Mr. COLDWELL: That is, they are usually government employees of a province or under this department?

Mr. ROGERS: In a number of cases the correspondents are directors of employment offices in the various provinces.

Mr. HEAPS: Does the department in any way, shape or form restrict the character of its investigations? For example, a request

comes to the department in a case where a dispute is likely to occur. If the men or women employed by such a concern do not strictly come within the limits of the Lemieux Act, does the department take any action?

Mr. ROGERS: As I pointed out a moment ago, this item does not cover the work done under the Industrial Disputes Investigation Act. I think, however, I understand what my hon. friend desires in the way of information. When the department receives notice of a threatened dispute, the conciliation officers of the department are placed at the disposal of the parties to the dispute. We have, for example, a chief conciliation officer in Ottawa; we have a representative in Montreal, one in Toronto and one in Vancouver, each operating within a particular geographical area, and whenever a dispute occurs the services of these officers are made available if the parties are agreeable thereto.

Mr. HEAPS: Irrespective of whether they come within the jurisdiction of the act or not?

Mr. ROGERS: They need not necessarily come within the jurisdiction of the act.

Mr. JACOBS: I have always been mildly opposed to this expenditure for the printing of the Labour Gazette. I do not know any person in Canada to-day who reads it.

Mr. HEAPS: There is one here.

Mr. JACOBS: Well, I suppose we have to consider my hon. friend as a person, but does he think we ought to spend $30,000 to contribute to his education?

Mr. HEAPS: Yes, I think it is worth it.

Mr. JACOBS: Multiply that by ten million and we would have quite a large expenditure. No person, I say, talking by and large, really reads the Labour Gazette, and I have always been opposed to the cost of it. If we had cut out this item when I first opposed it we probably would have saved half a million dollars by this time, which we could use to very good purpose. I think the information which my hon. friend from Winnipeg North (Mr. Heaps) gets out of the Labour Gazette he could easily get out of the daily papers if he reads them every day, which I know he does. There is nothing new in it, so far as I can see. I have never learned anything from it, and I am amenable I suppose to some form of education. I receive it on my table every Saturday, or whenever it comes out, and I understand it comes out very regularly; but I have yet to learn that it contains any information for the people of this country which would justify the expenditure of the large sum which has been expended upon its publication up to the present time.

Mr. MacNICOL: I do not want to hold up this item, but I do not notice any salaries for conciliators included in it.

Mr. JACOBS: We are talking now of the cost of printing the Labour Gazette.

Mr. MacNICOL: Pardon me; I heard the minister say something about the salaries of conciliators, and I wondered if any of them received salaries under this item.

Mr. ROGERS: The salaries of conciliation officers are under another item—civil government salaries.

Mr. MacNICOL: This item is largely for printing the Labour Gazette?

Mr. ROGERS: Very largely for that and certain other publications—the annual report, a report on labour organization in Canada, and a report on labour legislation in Canada.

Mr. JACOBS: What is the circulation of the Labour Gazette?

Mr. ROGERS: The number of free copies issued in 1935 was 5,086, and paid copies 4,676.

Mr. JACOBS: Is that to regular subscribers?

Mr. ROGERS: For the most part to free subscribers, representatives of labour organizations, universities and libraries. Those who subscribe pay twenty cents a year. I do not know whether my hon. friend is one of them.

Mr. JACOBS: No, I pay nothing.

Mr. HEAPS: I have no objection to the passing of this item. May I ask what is the cost of printing the Labour Gazette each year?

Mr. ROGERS: The cost of printing in 1935 was $18,538.73.

Mr. JACOBS: That is the cost of printing? That does not take in the editing or the correspondents.

Mr. ROGERS: That does not cover the amount paid to the Labour Gazette correspondents.

Mr. JACOBS: The cost is $30,000 all round, as I understand it.

Mr. COLDWELL: Are the payments to the correspondents made to the body with which the correspondent is connected within the province, or are they paid directly to the correspondent?

Mr. ROGERS: They are paid directly to the individual who is the correspondent in each particular case.

Mr. COLDWELL: In Saskatchewan civil servants are forbidden to receive remuneration for work they do outside of their regular duties, and I was wondering how you got around that.

Mr. MacINNIS: I am afraid my hon. friend from Cartier (Mr. Jacobs) is not very well acquainted with the Labour Gazette. He says he gets it every week—

Mr. JACOBS: I never read it.

Mr. MacINNIS: I understand that it comes out once a month, at least the edition I get is published monthly. I am quite satisfied that it can furnish to those who read it a liberal education—I do not mean an education in the affairs of the Liberal party.

Mr. JACOBS: A C.C.F. education.

Mr. MacINNIS: It contains a great deal of valuable education, and if proper use is made of it I do not think that $30,000, or whatever the amount may be, is too much. I am glad that the minister has handed a copy to the hon. member for Cartier, so that he will now be better acquainted with it than he was before.

Mr. WOODSWORTH: I can see no more reason for cutting out the Labour Gazette than for cutting out other publications, such as the Commercial Intelligence Journal, for example, which goes out to the business men of this country, and above all the Canada Gazette, which contains so much padding that one never knows where to find anything.

Progress reported.

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

Thursday, March 12, 1936

The house met at three o'clock.

AGRICULTURE AND COLONIZATION

Mr. W. G. WEIR (Macdonald) presented the first report of the standing committee on agriculture and colonization, as follows:

Your committee recommends:

1. That 500 copies in English and 200 copies in French of the minutes of the proceedings and of the evidence before it, together with the papers, documents, and records to be incorporated with such evidence, be printed from day to day; and that standing order No. 64 be suspended in relation thereto.

2. That it be empowered to appoint and employ and pay counsel to assist in the investigation now before it, and also to employ and pay auditors and such experts as may be considered necessary.

3. That it be given leave to sit while the house is sitting.

Mr. WEIR (Macdonald) moved that the report be concurred in.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I dislike taking exception to the adoption of a report of this kind, but I believe I am correct in stating that when a report from a committee contemplates expenditure, notice is required to be given. I believe, if I heard correctly, that the first report of the standing committee on agriculture contemplates the authorizing of certain expenditures in connection with the printing of reports and the taking of evidence.

Motion stands.

Mr. W. G. WEIR (Macdonald) presented the second report of the standing committee on agriculture and colonization, as follows:

Your committee is of the opinion that no advance in the price of agricultural implements should be put into effect pending consideration of the subject matter of the order of reference, namely, the consideration of the high prices of agricultural implements for 1936.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

FARMERS' CREDITORS ARRANGEMENT ACT—NOVA SCOTIA

Mr. McCULLOCH:

1. How many applications were made in Nova Scotia under the Farmers' Creditors Arrangement Act?

2. What was the total amount of the liabilities involved in said applications?

3. How many applications were made for loans in Nova Scotia from the Canadian Farm Loan Board?

4. How many of these applications were granted?

5. What was the total amount of moneys advanced on these applications?

Mr. DUNNING:

1. 84 to March 1, 1936.

2. $279,858.88.

3. 1,315, from inception of business to February 29, 1936.

4. 373.

5. Loans disbursed to date, $488,865.

ST. LAWRENCE WATERWAY

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Before the orders of the day are proceeded with, Mr. Speaker, I desire to direct the attention of the right hon. Prime Minister (Mr. Mackenzie King) to an address made in Detroit last evening by Senator Pittman, in which he quoted a letter addressed to him by the president of the United States with regard to the St. Lawrence waterway. I desire to know whether or not any modifications of the existing agreement signed by the United States and Canada are contemplated or have been under discussion. If it should be difficult to answer the question without reference to documents I should like the right hon. gentleman to accept this as notice of the question.

Right Hon. W. L. MACKENZIE KING (Prime Minister): My right hon. friend spoke of a letter addressed to him; he meant a letter addressed by the president of the United States to Senator Pittman?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: I shall answer my right hon. friend at once. We have been advised, as was intimated in the president's letter, that the United States government are seeking a new approach to some of the problems involved in the projects for the development of the great lakes-St. Lawrence system, but thus far we have not been advised of the details with respect thereto. When they are received they will be examined.

GERMAN CONSCRIPTION

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, yesterday I asked the government a question with reference to a statement which had been made by the German consul general. Since that time, according to the press, he has supplemented his statement by an explanation in which he says that possibly one hundred persons will be affected by the decision of the Reich to conscript all German citizens living in Canada and Newfoundland for "possible service in the German army." He gives a quotation from the regulations, as follows:

—in 1936 all male German nationals in Canada and Newfoundland—

That is, those born in the three years he referred to.

—are being called up for active military service, the class of 1916 first for the Reich labour service.

[Mr. Dunning.]

The consul's statement continues; he says the three classes mentioned—

—have to report immediately, until March 31 at the latest, to the competent German consular authorities.

Further than that, when asked whether men would be compelled to go, he said, "Well, I think they will go anyway. Yes, I guess they will be compelled to go." Further he says that failure to report is punishable. I think we might well ask how punishment is to be meted out in this country by a German consul. The statement continues:

Those desiring to volunteer for service, belonging to the classes of 1911-1915, can apply for enlistment as from October 1, 1936, and the classes of 1912-1919 as from October 1, 1937. Such volunteers may apply to the above consular authorities for further particulars.

This is a most extraordinary statement, and I think we ought to have a very full explanation from the government as to what it is proposed to do under the circumstances.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that after he addressed his question to the government yesterday I had word sent to the German consul general in Montreal stating that I should like to have an exact statement of what he did say. I have received from the consul general, Mr. Kempff, a telegram saying that he has sent the government the exact statement he made. That statement however had not been received up to the time I came into the house this afternoon. I shall therefore have to ask my hon. friend to let his question of yesterday, and also what he has read to-day, stand over for reply until to-morrow.

Mr. WOODSWORTH: That may be technically the correct procedure, but this statement of the consul general, following my question of yesterday, has gone throughout the length and breadth of Canada. It is published in quotations by a reputable newspaper, the Montreal Gazette, and I think we should know the action of the government on a statement such as I have read.

Mr. MACKENZIE KING: I hope my statement will go throughout the length and breadth of Canada as well.

CUBAN TARIFF

On the orders of the day:

Mr. J. J. KINLEY (Queens-Lunenburg): Before the orders of the day are called I desire to inquire of the Minister of Trade and Commerce (Mr. Euler) with regard to a press report appearing in both the Halifax Chronicle and the Halifax Herald of March 7

to the effect that Cuba would apply the maximum tariff to Canadian imports because of Canada's failure to purchase in Cuba even twenty-five per cent of the value of that island's purchases in Canada. Under the tariff system prevailing there another nation must buy fifty per cent or more to get the advantage of the lower tariff. This announcement was made by Mr. T. E. Palma, Cuban consul in Halifax. Does the minister accept the imputation that we do not purchase in Cuba twenty-five per cent of the value of that island's purchases in Canada? Would other countries be affected? Does the prohibition include codfish? Is a solution being sought for the difficulty, which is of serious moment to the business interests of my constituency, as regards both present conditions and future prospects?

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, the hon. member was kind enough to send me notice of the questions which he has just submitted.

It is rumoured in the press that Cuba has applied or is about to apply the maximum tariff to Canadian exports to that country. On March 10, two days ago, we received a cable from the Canadian trade commissioner at Havana, as follows:

> Cuban government decree 3rd March published 10th March imposes maximum tariff Canadian goods shipped after latter date.

I may say that the maximum tariff of Cuba is double the minimum tariff which Canada has enjoyed for some time past. Last year Cuba passed a law which gave the president power to grant the minimum tariff where purchases from Cuba were at least fifty per cent of the sales made to Cuba. Further, if the purchases by Canada, for example, from Cuba were only between twenty-five per cent and forty-nine per cent of their purchases from us, a surtax of another twenty-five per cent would be added to the minimum tariff. If the purchases by Canada from Cuba are less than twenty-five per cent of the purchases by Cuba from Canada, then we were supposed to go under the maximum tariff. Apparently that is what has been done. We have enjoyed the privilege of the minimum tariff for some years.

I might add also, in reply to my hon. friend, that trade statistics as between the two countries are very greatly at variance, and if we accept the Cuban trade statistics we certainly fall below the twenty-five per cent limit. That discrepancy arises to some extent at least from the fact that a good many Canadian purchases from Cuba are made through agents or merchants in the United States. This applies more particularly to pineapples and tomatoes. However, we have instructed our trade commissioner to make representations to the Cuban authorities in an effort to establish that our purchases from Cuba are a great deal larger than they are represented to be.

With regard to the item of codfish, we have not been able to ascertain whether or not that item is included and whether or not in future it will come under the maximum tariff. Among other rights the president has been given authority to exempt certain articles of which they stand in greater need than of other importations. That was the case in the past, but the privilege of exporting codfish under that tariff may expire as from April 2 of this year. We are trying to ascertain now—we have not yet been able to get the information—whether a similar exemption is to be made in regard to codfish. I may add in conclusion that the government are watching the matter; we shall certainly exert every effort to re-establish the minimum tariff as far as Canadian exports to Cuba are concerned.

Mr. KINLEY: It includes other countries as well, but not Newfoundland, I understand.

Mr. EULER: It does not include the United States. The United States have a special trade agreement with Cuba which is not extended to any other country. Their rates fall in many respects below the minimum tariff.

Mr. KINLEY: But Newfoundland?

Mr. EULER: I cannot answer at the moment.

PRIVILEGE—MR. JACOBS

On the orders of the day:

Mr. S. W. JACOBS (Cartier): Mr. Speaker, on a question of privilege. A Montreal journal in its issue of yesterday carries a dispatch from its correspondent in Ottawa which states that I was not present and did not vote on the Canada-United States pact. The records of the house will show that I was present and did vote, so that the person who was absent was no doubt the correspondent who sent the dispatch. It may be, however, that he was in the gallery but that his low visibility prevented him from recognizing the members of the house who were present.

CANADIAN FARM LOAN BOARD

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): Some three weeks ago I placed a question on the order paper in reference to the Canadian Farm Loan Board. I wonder when I may expect a return.

Hon. CHARLES A. DUNNING (Minister of Finance): I assume it was a question which was made an order for return?

Mr. DOUGLAS: Yes.

Mr. DUNNING: I do not know what the present position is, but I shall be glad to check up on it.

WAYS AND MEANS

CANADA–UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

Customs tariff—54a. Indian corn, not including Indian corn for purposes of distillation, when imported or taken out of warehouse by manufacturers of starch or of cereal products for human consumption, for use exclusively in the manufacture of starch or such cereal products, in their own factories, under regulations prescribed by the minister: free.

Mr. BENNETT: I understand there is no change in this item; it merely makes it bound?

Mr. DUNNING: Yes, merely binding free entry.

Item agreed to.

Customs tariff—55. Indian corn, n.o.p., per bushel, 20 cents.

Mr. DUNNING: This is binding the intermediate.

Item agreed to.

Customs tariff—57. Oatmeal and rolled oats, per one hundred pounds, 50 cents.

Mr. DUNNING: The effect of this item of course is to bind the intermediate rate of fifty cents per one hundred pounds during the life of the agreement.

Mr. BENNETT: I should like to know what is the rate of duty on oatmeal and rolled oats entering the United States under the existing Hawley-Smoot tariff, and what it was under the Fordney-McCumber tariff.

Mr. DUNNING: Under the existing tariff, which is the only one I have before me, it is 80 cents per one hundred pounds.

Mr. BENNETT: In view of the references that have constantly been made to 1929 figures it is obvious that we want the 1929 tariff rate. In the figures that have been given recently statements have been made as to the amount of business with the United States in 1929, that is before the Hawley-Smoot tariff, which is the tariff at present in force. We had long lists of figures given with respect to trade in 1929, in which year the Fordney-McCumber tariff had not been repealed. My desire is to see what relation these new rates have to the rates that prevailed in the United States prior to 1930 and in 1935.

Mr. DUNNING: I am sorry the information is not here, but I will send for it and see that it is available.

Mr. ROWE (Dufferin): What was our duty against oatmeal before, 80 cents?

Mr. DUNNING: Yes—free, 50 and 80.

Mr. ROWE (Dufferin): It is reduced from 80 to 30?

Mr. DUNNING: This is binding the intermediate, which is 50 cents.

Item agreed to.

Customs tariff—71a. Timothy seed, per pound, one cent.

Mr. BENNETT: This, I understand, is a reduction by fifty per cent on timothy seed coming from the United States?

Mr. DUNNING: A reduction from two cents to one cent a pound.

Mr. BENNETT: What was the United States tariff rate on that in 1929 and 1935?

Mr. DUNNING: As I have said, I cannot answer with respect to 1929. But the United States tariff was two cents and under this agreement it has been reduced to one cent, so that with respect to timothy seed the tariff is now the same going either way, from Canada and from the United States.

Item agreed to.

Customs tariff—ex 73. Broom corn seed, when in packages weighing more than one pound each, free.

Item agreed to.

Customs tariff—ex 74. Parsley seed, non-germinating, when in packages weighing more than one pound each, imported for use exclusively in manufacturing or blending operations, 10 per cent.

Mr. BENNETT: The questions that I think we should like to have answered in respect to all these items are very few. We cannot modify this agreement; that is obvious. Nothing we can do will change any item in the schedule. That is of course a matter of policy, and the government's majority ensures that will be so. We must therefore content ourselves with asking, so that there shall be a record of it, what concessions have been granted with respect to existing rates, and we desire to test the extent to which reciprocal arrangements have been made by knowing what the tariff rate in the United

States now is, and what it was in 1929. That is the year with respect to which figures have been given so frequently in the debates.

Mr. DUNNING: I hope to have the 1929 tariff figures.

Mr. BENNETT: What about the present tariff?

Mr. DUNNING: Not having used the list to which my right hon. friend refers, I have not the comparable figures.

Mr. BENNETT: The hon. member will recall what I referred to only the other evening. All hon. members were given the 1929 figures. That year was prior to the passing of the Hawley-Smoot tariff. My point is that what we have received is not even what we had before the passing of the Fordney-McCumber tariff. That is the reason we desire to have a record of these figures. The main point is that we desire to make clear just to what extent reciprocal concessions have been made. Thus far only one item, timothy seed is on the reciprocal list.

Mr. DUNNING: My right hon. friend will appreciate that schedule II has more to do with this question than has schedule I.

Mr. BENNETT: No, no.

Mr. DUNNING: However, I shall get the information.

The CHAIRMAN: Shall the item carry?

Mr. BENNETT: Subject to that proviso, Mr. Chairman.

Item agreed to.

Customs tariff—75. Lettuce seed, non-germinating, when in packages weighing more than one pound each, imported for use exclusively in manufacturing or blending operations: 10 per cent.

Mr. BENNETT: Is that a rate of 10 per cent? Item 75 in our tariff refers to seeds, namely cabbage, radish and so on, with rates of ten cents per pound. I notice this item refers to 10 per cent.

Mr. DUNNING: It is a reduction to 10 per cent.

Mr. BENNETT: Whether or not it is a reduction would depend entirely upon the value. The former tariff on item 75 is ten cents under the intermediate rate, ten cents under the general rate and free under the British preferential. It is now being made 10 per cent ad valorem.

Mr. DUNNING: Yes, 10 per cent.

Mr. BENNETT: There is no evidence as to whether it is more or less.

Mr. DUNNING: The old duty ran pretty close to 100 per cent.

Mr. BENNETT: That is what I wanted to know.

Item agreed to.

Customs tariff—82(e). Nut trees, being seedling stock for grafting, and buds and scions for grafting such trees: free.

Mr. BENNETT: What are the changes?

Mr. DUNNING: These commodities have been dutiable up to the present time at the rates of 12½ per cent, 17½ per cent and 30 per cent. They are not produced commercially in Canada at all.

Item agreed to.

Customs tariff—83(c). Sweet potatoes in their natural state, per 100 pounds: free.

Mr. BENNETT: I suppose that is a reduction of 100 per cent?

Mr. SPENCE: What does the term "natural state" mean?

Mr. DUNNING: I do not follow my right hon. friend in the matter of percentages; I prefer to speak in actual terms. Up to the present the duty has been free under the British preferential rate, 10 per cent under the intermediate rate and 15 per cent under the general rate.

Mr. STEVENS: It should be ten cents per hundredweight.

Mr. DUNNING: There may be a typographical error in my notes in that regard. I believe the hon. member is correct. Last year the imports, which were practically all from the United States, amounted to 52,700 hundredweight, valued at $110,000. They are not produced in Canada commercially.

Mr. BENNETT: Did we not receive potatoes of this kind from the West Indies?

Mr. DUNNING: Only a few hundred dollars' worth, a trifling amount.

Mr. BENNETT: I thought the business was just starting.

Mr. SPENCE: What are sweet potatoes in their natural state? None that are any good come in from the United States in their natural state. They are what are known as kiln dried, and in order to have them keep they must be kiln dried. Will the 10 per cent be charged on the kiln dried?

Mr. DUNNING: If the hon. member will look at item 83 (a) he will find that the term "natural state" is in contrast with "dried, desiccated or otherwise processed."

Mr. SPENCE: I understand that.

Mr. DUNNING: It is a common term in our tariff items.

Mr. STEVENS: One of the expert valuators or appraisers of the Department of Customs upon finding that potatoes were kiln dried would say they were not in their natural state, and the first thing we know we would have a ruling by customs authorities that these are not admissible because they are not in their natural state, although the intention under the item is clear.

Mr. SPENCE: That is the type of legislation which keeps business people worried and makes them fight with customs officials. The difficulty is that if they are kiln dried a different ruling might be given in Toronto, at which point many come in, and appraisers would have difficulty in deciding whether or not to charge a duty.

Mr. DUNNING: There is no change in the wording. It has been administered by customs authorities in precisely these words for a number of years, and the difficulty my hon. friend envisages is entirely new.

Mr. STEVENS: It has been overlooked.

Mr. DUNNING: Apparently the difficulty has never arisen.

Mr. SPENCE: Just get into business some time and see what you have to do with the customs office; then you will understand.

Mr. WALSH: I assume that last year a revenue was derived from customs duties on this and other items.

Mr. DUNNING: Yes.

Mr. WALSH: The assumption is that the government will require the same revenue this year as in other years, and that revenue will have to be raised by some other means. I do not know whether I am as a voice crying in the wilderness when I speak about raising revenue through a protective tariff, but I must say that I feel keenly in the matter. Here is one article, in particular, in which the poor man has little interest. He is satisfied if he can have ordinary potatoes, and when we remove the duty we are removing just that amount of revenue. I feel that the revenue feature of the protective tariff in this instance should prevail. I should not like to have the Minister of Finance worried all day and late into the night trying to find ways and means of raising revenue to make up for what is lost under this item. I would urge upon him to give consideration to the emphasis which formerly was placed on a protective tariff as a means of raising revenue, and particularly revenue on commodities which are consumed by people well able to pay customs duties.

Mr. BRADETTE: What about soya beans?

Mr. DUNNING: Naturally I have no desire to enter into an academic debate, and I do not wish to delay the passage of a schedule which I am trying to pass through the committee stage. The consideration mentioned by the hon. member of course can never be absent from the mind of a minister of finance.

I have before me information with respect to estimated loss of revenue involved in connection with each of these items. In the present instance the loss of revenue is estimated at $7,750, judging by last year's importations. Of course in this instance the loss of revenue would be absolute, because the item is made free. In many instances it is quite impossible to estimate accurately the loss of revenue, because there is always the presumption that if the article is not made completely free the larger volume of importation might adjust the balance of revenue in connection with the item.

Mr. HEAPS: It appears to me from the few words spoken by the minister that he himself is not quite sure as to the correct interpretation of the wording of this item. Personally I always feel that there should be an interpretation which should not permit of the department ruling in a sense different from that intended by parliament. I feel sure that if a shipment of potatoes came into this country under this item, the Department of National Revenue would be entirely justified, if the potatoes were not in their natural raw state, in charging the duty. They would not come in free under this clause. If the minister is not satisfied in his own mind that the item carries out the intent of the agreement, the wording should be made clear and definite so that it would not admit of two interpretations.

Mr. DUNNING: Apparently, Mr. Chairman, I did not make myself clear; I will try again. During the years efforts have been made under succeeding administrations to secure standard wordings with respect to various items of the tariff in order to avoid just the difficulty my hon. friend mentions. There is no change in the wording. It is a wording which has been administered in connection with not only this item but a number of others for many years past. Item 83 of the present tariff deals with potatoes in their natural state; with dried, desiccated or dehydrated potatoes; with sweet potatoes in their natural state, and sweet potatoes n.o.p.

The whole of item 87, for instance, includes vegetables, fresh, in their natural state, as distinct from vegetables dried, desiccated, and so forth. I know of no case of complaint or difficulty with respect to the application of the law by the customs authorities. If any member of the committee knows of any such case, of course we can endeavour to meet it. But experience appears to indicate that this wording has been well and generally understood over a long period of years.

Mr. HEAPS: Is a dried potato interpreted by the department as being a potato in its natural state?

Mr. DUNNING: If it is not dried, desiccated or dehydrated, it is in its natural state.

Mr. STEVENS: Does not dehydrating mean drying? Therefore would not a dried potato come under the dehydrated item?

Mr. DUNNING: It is included in the same classification. In item 83 of the tariff potatoes in their natural state, and dried, desiccated or dehydrated potatoes, are all grouped together.

Mr. SPENCE: May I suggest to the minister that he eliminate the words "natural state" and just say sweet potatoes in any state?

Mr. BENNETT: I was just going to point out the difference. There is no provision for dried, desiccated or dehydrated sweet potatoes except under item 83 (d). It does appear to me that the suggestion of the hon. member for Parkdale (Mr. Spence) is a very sound one. Take item 83 (c), sweet potatoes in their natural state; the intermediate tariff is 10 cents per 100 pounds. That is the present rate, but we are going to make them free under the intermediate tariff. Then item 83 (d) says "sweet potatoes, n.o.p.," that is, sweet potatoes not in their natural state. That would mean dried potatoes, and the rate on them is 1¾ cents per pound under the intermediate tariff, as against 10 cents per 100 pounds on ordinary sweet potatoes in their natural state. The natural state sweet potatoes carry a duty of 10 cents per 100 pounds, whereas the dried potatoes carry a duty of 1¾ cents per pound.

Mr. DUNNING: That is as it was.

Mr. BENNETT: That is what I am talking about. We are now putting sweet potatoes in their natural state on the free list, but we are not putting sweet potatoes n.o.p. in item 83 (d) on the free list. It seems to me it should be abundantly clear that a sweet potato in its natural state is not a dried or desiccated sweet potato. I had not thought the difficulty was real until I heard what the hon. member for Parkdale said.

Mr. DUNNING: I wish I could see it as a difficulty.

Mr. TAYLOR (Nanaimo): Sweet potatoes could not come into Canada unless they were kiln dried. I think that was the point of the hon. member for Parkdale, that they had to be kiln dried before they could be imported. They would rot if they were not kiln dried.

Mr. SPENCE: I did not mean anything of the kind. Many thousands of barrels and hampers of sweet potatoes come in that are not kiln dried, but the kiln dried get the preference because they are much better.

Mr. DUNNING: I think my hon. friend from Parkdale has answered the question for me better than I could answer it myself.

Item agreed to.

Customs tariff—84. Onions, in their natural state, including onions grown with tops, shallots, and onion sets: 30 per cent.

Provided that in no case shall any value for duty established under the authority of section 43 of the Customs Act exceed the invoice value by more than 80 per centum of the lowest advance imposed on such goods under the authority of said section during the calendar years 1933 to 1935, inclusive.

Mr. STIRLING: Can the minister tell us what duty there is against Canadian onions going into the United States?

Mr. DUNNING: The duty is 2½ cents per pound.

Mr. STIRLING: What quantity has gone into the United States from Canada in the ten months?

Mr. DUNNING: I have the figures for last year, 1935.

Mr. STIRLING: What were the Canadian shipments to the United States?

Mr. DUNNING: They were 28,000 bushels, valued at $37,000.

Mr. STIRLING: I notice that the tariff item remains the same except that it is no longer possible to describe the duty as one not less than three-quarters of a cent per pound. That goes by the board, so that the reduction, roughly speaking, is from 75 cents to 30 cents on a dollar crate of 100 pounds.

Mr. DUNNING: I do not think my hon. friend can state that as a fact. The computation would depend on the value in any particular year.

Mr. STIRLING: I am speaking of the average valuation of a 100 pound crate. This is the first item to which is attached the proviso with reference to a special duty. I wonder if the minister has any statement to make with regard to the use which the government proposes to make of this special duty.

Mr. DUNNING: No, Mr. Chairman. I think I must adhere to the decision made by the government some time ago not to anticipate the budget in connection with any of the items under discussion. Under the agreement there is attached to the item an undertaking that any value for duty established under section 43 of the Customs Act on imports of onions from the United States shall not exceed the invoice value by more than 80 per cent of the lowest advance imposed on such goods during the period from 1933 to 1935. I should not care to state now any more than that provision does exist.

Mr. GRAYDON: May I ask the minister if he has information as to what was the lowest advance during that three year period in connection with the onion item?

Mr. DUNNING: The lowest advance has been three-quarters of one cent, applicable the year round.

Mr. STIRLING: I do not understand what connection there is between the application of this power that the government takes under the treaty and the bringing down of the budget.

Mr. DUNNING: I misapprehended my hon. friend's question in that regard and corrected my answer later.

Mr. STIRLING: The minister does not feel he is in a position to make a statement with regard to what use the government may make of this provision under section 43?

Mr. DUNNING: I think my hon. friend realizes that it is impossible to make any such statement in the month of March. The former government had such powers and I assume they exercised them in their own discretion from time to time according to the circumstances which existed.

Mr. BENNETT: That applied the year round on onions.

Mr. DUNNING: It was exercised the year round, but of course the government need not have exercised it the year round. I assume it was exercised the year round because in the opinion of the then administration the conditions prevailing warranted such a course being taken. This government will have to consider, after consultation with the Department of Agriculture and the Department of National Revenue, what shall be done in the administration of items such as this.

Mr. LENNARD: Why is a duty of 30 per cent being placed on onions when the rate of duty applying to almost every other vegetable has been reduced to 15 per cent? I should like to be assured by the minister that this is not being done in order to pacify a certain famous onion grower in south-western Ontario.

Mr. DUNNING: Does my hon. friend mean Mr. Gott, the former member?

Mr. BENNETT: No.

Mr. SPENCE: He does not grow them; he just talks about them.

Mr. BENNETT: I do not think the minister has quite apprehended the point raised by the hon. member for Yale (Mr. Stirling). One fact has been established by what the minister has said. We know that the increase in the invoice value of onions during 1933, 1934 and 1935 was three-quarters of a cent per pound. This agreement provides that the increase in the invoice value shall not be beyond 80 per cent of three-quarters of a cent per pound, which is three-fifths of a cent per pound. Therefore onions will enter this country subject to a 30 per cent duty, which may be increased to a maximum amount of three-fifths of a cent per pound. The hon. member for Yale asked when that surcharge was to be put into operation, as the surcharge which was in operation during the last year is now no longer in force.

Mr. DUNNING: It is.

Mr. BENNETT: How can it be ?

Mr. DUNNING: It is in force.

Mr. BENNETT: I am referring to the three-quarters of a cent per pound.

Mr. DUNNING: The three-fifths of a cent per pound is in force.

Mr. BENNETT: The hon. member for Yale was trying to ascertain when the government put into force the three-fifths of a cent per pound surcharge on the 30 per cent tariff on onions.

Mr. DUNNING: It just remained in force but was reduced to that point. I understood the hon. member was stating a general principle.

Mr. STIRLING: I was.

Mr. STEWART: Has a new order in council been passed giving effect to the three-fifths of a cent per pound?

Mr. DUNNING: No new order.

Mr. ROWE (Dufferin): Then the old order in council still stands.

Mr. DUNNING: As authority, yes, but reduced by this treaty to three-fifths of a cent per pound.

Mr. STIRLING: Does the minister mean that the order in council still stands and yet its conditions have been varied?

Mr. BENNETT: That is what it means.

Mr. DUNNING: My hon. friend will remember that the order in council was merely an enabling order under which the minister could act.

Mr. ILSLEY: I am under the impression that I have not made any change. As the Minister of Finance (Mr. Dunning) stated, the order in council does not change; it is merely an authorization for the Minister of National Revenue.

Mr. BENNETT: That was for three-quarters of a cent per pound.

Mr. ILSLEY: In connection with most vegetables, the practice in the past has been for the Department of Agriculture to keep in very close touch with the Department of National Revenue. These valuations have been put on and taken off by the Department of National Revenue pretty much according to the wishes of the Minister of Agriculture. In connection with the valuation on onions, I think the situation is that no cancellation has been made. I speak subject to correction, but that is my understanding of the situation.

Mr. DUNNING: The three-fifths of a cent per pound is now applying.

Mr. ILSLEY: I withdraw my last statement; the three-fifths of a cent per pound is applying at the present time.

Mr. STEWART: Under what authority is this being done?

Mr. DUNNING: The original enabling authority still exists and the agreement undertakes a certain modification of the use of that authority. That modification is now automatically in effect. Instead of its being three-quarters of a cent, as it was on December 31, it became three-fifths of a cent per pound on and after January 1.

Mr. CLARK (Essex): It might interest hon. friends opposite to know that the real competition for the onion growers of the part of the country which I have the honour to represent comes from an agreement made by them with New Zealand and Australia.

Mr. STEWART: What are the imports from the sources just referred to by the hon. member?

Mr. DUNNING: In 1935 the total imports into Canada were 12,235,000 pounds, valued at $181,000. From Australia came 3,600,000 pounds; from New Zealand, 3,000,000 pounds; from the United States 1,960,000 pounds; from Spain 1,775,000 pounds; from Bermuda 767,000 pounds, and from Egypt 675,000 pounds.

Mr. STIRLING: Under what rate will Spanish onions now come in?

Mr. DUNNING: Under the intermediate tariff; there is no change in connection with onions from Spain.

Mr. ROWE (Dufferin): Will the same principle of valuation apply to all vegetable items?

Mr. DUNNING: I have the information before me with respect to the other vegetable items, which I can give as we come to them.

Mr. ROWE (Dufferin): The same principle will apply?

Mr. DUNNING: It is applying.

Mr. ROWE (Dufferin): The three-fifths of a cent per pound?

Mr. DUNNING: The valuations may be different, but the same principle applies.

Item agreed to.

Customs tariff—85. Mushrooms, fresh, 15 per cent.

Provided that in no case shall any value for duty established under the authority of section 43 of the Customs Act exceed the invoice value by more than 80 per centum of the lowest advance imposed on such goods under the authority of said section during the calendar years 1933 to 1935, inclusive.

Mr. BENNETT: This is an industry in which our people were developing a very substantial trade. Mushrooms grow up in the night, I think we are told in scripture; we know it also in other ways. That being so, we have now changed the duty by reducing it 12½ per cent on mushrooms coming from the United States. Mushrooms were carried at a 27½ per cent rate on intermediate and 30 per cent under the general tariff; United States mushrooms paid 30 per cent. They will now be reduced to 15 per cent, which is a reduction of 50 per cent, and there is the further provision that if there is an increase under section 43 of the Customs Act over the invoice price,

it shall not be more than 80 per cent of the lowest advance imposed during the years 1933, 1934 and 1935. Would the minister tell us what the importations were last year, the sources from which they came, and the extent to which the price is increased under section 43 of the Customs Act?

Mr. DUNNING: Imports of fresh mushrooms are not separately classified at present, but they are part of a total of $10,393 representing imports of mushrooms and truffles, fresh or dried. Of this total, $5,804, or more than half, came from Hongkong and $1,300 from the United States. Mushrooms and truffles in cans—that is a different item from the one we are now discussing—value $43,800, came almost entirely from the United States.

Mr. BENNETT: Some came from France.

Mr. DUNNING: Yes, a small amount from France. With reference to the last part of the question, the value for duty under section 43 on fresh mushrooms has been five cents per pound, effective the year round. The maximum under the treaty will be four cents per pound, which is at present in effect.

Mr. SPENCE: I think it is very unfortunate that this item should be reduced, because a number of people in this country have put a lot of money into mushroom beds. There are miles of mushroom houses in this country which did not exist ten years ago. These people have developed a perfectly safe mushroom, packed in many cases in pound boxes with transparent paper so that anybody can see the contents and nobody need be afraid to use them. I think you are killing a promising industry if you reduce the duty from 27½ to 15 per cent. You should raise it 15 per cent instead of lowering it 12½ per cent.

Mr. STEWART: What is the rate of duty on fresh mushrooms going into the United States?

Mr. DUNNING: Ten cents per pound and 45 per cent ad valorem.

Mr. STEWART: And that remains?

Mr. DUNNING: Yes.

Mr. ROWE (Dufferin): Can the minister tell us what principle governs the tariff range with reference to mushrooms relative to the item that has been already passed, sweet potatoes? We find a reduction in sweet potatoes to free, a reduction in mushrooms of 50 per cent, and still the duty is maintained on onions, a much cheaper food product. If we are concerned with the consumer and interested in revenue, I suggest that the sweet potato and the mushroom are more or less delicacies so far as many people are concerned. Onions are a staple and a cheaper foodstuff, and yet we find the duty on onions maintained at its full 30 per cent. I have no objection; I admit I am very glad that it is maintained, but as was pointed out by the hon. member for Wentworth (Mr. Lennard) it is the only item in the vegetable list on which the duty is maintained where it has been. It will certainly meet the approval of some prominent onion growers in western Ontario. I know that the minister has a deep concern for producers.

Mr. BENNETT: Consumers.

Mr. ROWE (Dufferin): But so far as foodstuffs are concerned, onions are more or less of a necessity; sweet potatoes and mushrooms are luxuries, yet the tariff on the latter is substantially reduced while that on onions is maintained. I know that onion producers have made great progress in certain parts of western Ontario, also in parts of my own riding. With reference to the production of soya beans involving 10,000 acres, some hon. members said that that was only a small district in Canada, and probably even our onion producers have a very limited area. I think the largest in western Ontario is in the district of the Minister of Finance's friend, the premier of Ontario. I should like to know why a reduction has been made on practically every other item of from 30 to 15 per cent, while the cheap and necessary onion is maintained at its full 30 per cent.

Mr. DUNNING: One important factor which must always be borne in mind in considering what was done by way of rates is that we always had to give attention during the negotiations to what our treaty arrangements were under the British preference. In the case of onions we had to keep in mind particularly the West Indies and New Zealand.

Mr. BENNETT: They are free.

Mr. DUNNING: I would point out further with respect to mushrooms and truffles that the total imports last year were only $10,000; half of these came from Hongkong under the intermediate tariff, and Hongkong remains on the intermediate tariff. So far as the comparative values of crops are concerned the onion crop is an important one, as indicated in the figures which I gave. True, its commercial production is confined to a relatively small area in Canada, not nearly so small as the soya bean area mentioned by my hon. friend, but I hardly think it is practical to compare commodities so widely apart, from the standpoint of the producer as soya beans, mushrooms and onions.

Mr. ROWE (Dufferin): Well then, is this more or less protection for the producer rather than concern for the consumer?

Mr. DUNNING: We are trying to keep both in mind.

Mr. WILTON: If I am in order I should like to ask whether the present tariff arrangements provide for a duty on meal of the soya bean.

Mr. DUNNING: I can give my hon. friend the information, although the item has been passed.

Mr. WILTON: I know it has been passed.

Mr. DUNNING: The item dealt with under the treaty refers only to the soya bean.

Mr. WILTON: It does not refer to the meal?

Mr. DUNNING: No.

Mr. WILTON: I have just had a long distance telephone call from a company in Hamilton which is arranging to erect an establishment in the town of Dundas for the handling of soya beans. They are vitally interested in this matter, and request that a tariff of some kind be put against the meal at least, as a protection to the Canadian grower of soya beans.

Mr. DUNNING: I have had several wires this morning commending the government for allowing the bean in free. It depends entirely upon the business in which the sender of a wire is engaged as to whether he advocates free meal or a duty on meal. I have had a number of such communications today, so that I can confirm what my hon. friend says as far as representations are concerned. It is the old question as to where we shall start. Every industry is anxious to get free raw material and as high a tariff as possible on its own finished product. Unfortunately in many instances the finished product of one industry becomes the raw material of the next. That is one of the problems of tariff making.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(a) Asparagus, 15 per cent.

Mr. DUNNING: I think it would facilitate the discussion a very great deal, Mr. Chairman, if we took each of these vegetable items and passed it separately. If no one objects I think that will be very much better.

Mr. STIRLING: Would the minister be good enough to tell us the duty against our asparagus going into the United States, and what quantity we have exported?

Mr. DUNNING: Under the United States tariff this is in their n.o.p. item; it is not specifically provided for, and therefore would carry a tariff of fifty per cent ad valorem going into the United States.

Mr. STIRLING: Against our 15 per cent?

Mr. DUNNING: Yes, under the treaty, subject of course to a valuation.

Mr. ROWE (Dufferin-Simcoe): Is there a quota on that also?

Mr. DUNNING: No.

Mr. STIRLING: I think we imported $61,000 worth in 1935, did we not?

Mr. DUNNING: We imported 1,128,000 pounds valued at $61,000, all from the United States.

Mr. STIRLING: And did we succeed in shipping any to that country?

Mr. DUNNING: It is not separately classified going into the United States, so I cannot give that information.

Mr. STEWART: As I understand it the power is still retained on the part of the government to fix a value for duty purposes?

Mr. DUNNING: Yes. The existing situation in that regard with respect to asparagus is that the advance on invoice value existing at the time the treaty came into force was 5½ cents. The maximum therefore provided by the treaty is 4⅘ cents, being not more than 80 per cent of the former advance.

Mr. STEWART: Does not that perpetuate a principle in this tariff which was very roundly condemned by hon. gentlemen opposite, the power to fix values for duty purposes? Are not the government retaining that element of uncertainty in our tariff which they were pledged to remove and entirely get away from?

Mr. BENNETT: I want to point out to the Minister of National Revenue, who administers this section of the act, as well as to the Minister of Finance, that these impositions now of three-fifths of a cent, 4 cents and 4¼ cents must be wholly illegal and improper. If the ministers will do me the honour of directing their attention to the language of the proviso they will find this:

Provided that when imported under the general tariff rate, from April 15 to May 31, inclusive, the duty shall be not less than 3 cents per pound.

All these items confer power upon the minister to fix the value under section 43,

but these items deal with the general tariff. The minute these items are shifted from the general to the intermediate tariff there is no power, unless you pass a new order in council. I do not doubt for a moment that the Minister of Justice, if he were here, would agree with me. The Minister of National Revenue is an eminent lawyer, and I am sure he will admit that. As it stands now on page 28 of the office consolidation of the tariff, it reads:

Vegetables, fresh, in their natural state, the weight of the packages to be included in the weight for duty: (a) asparagus, free; 27½ per cent; 30 per cent.

We have now cut the duty to 15 per cent, with this proviso:

Provided that when imported under the general tariff rate, from April 15 to May 31, inclusive, the duty shall be not less than 3 cents per pound.

That has to do with section 43; there is an absolutely statutory provision with respect to it in this tariff. Now we take it out of the general tariff altogether and put it into the intermediate tariff, but under the intermediate tariff the provision inserted here is:

Provided that in respect of the goods dutiable under tariff item 87 no value for duty shall be established under the authority of section 43 of the Customs Act except in the case of the sub-items indicated thus—

That is, there is an absolute prohibition against the establishment of it at all. It is a little different from anything we have had heretofore. Then it goes on:

—and in no case shall any value so established exceed the invoice value by more than 80 per centum of the lowest advance imposed on like goods under the authority of said section during the calendar years 1933 to 1935, inclusive.

That surely contemplates action being taken by this government, not the action taken by some other government. That surely contemplates, if language can be used for any purpose, that there must be an absolutely new departure. I know how anxious the Minister of National Revenue is that the difficulties which have arisen in the past should be avoided in the future, but one of them is contained right in this paragraph. There can be no exercise of power under that old order in council, none whatever. I think the minister will see that, but here you have been calmly and quietly going along and using an order in council which you abused when it was passed, for the purpose of receiving three-fifths of a cent instead of one cent, 4 cents instead of 5 cents, and so on. You have been going along blithely, imposing that obligation, when there is no authority in the world for it; you have been standing behind an order in council which this very agreement says shall not be regarded.

That is the point I am trying to make. This agreement contemplates a new order in council by this government, without relying on what was done by another government. This authority is determined by one factor, namely the lowest level in 1933, 1934 and 1935, and when you reach that the only power you have is to impose 80 per cent of that level. But you cannot apply 80 per cent to what was done some other time by somebody else, when the order in council which was passed by somebody else was for an altogether different rate. You can pass an order in council saying it should be 80 per cent of that rate, but you cannot shelter yourselves behind that order in council for the purpose of carrying into effect the provisions of this agreement.

Mr. DUNNING: If I had section 43 before me I would have no difficulty in answering my right hon. friend, for the reason that the power there given authorizes the government to enable the minister to set values for duty purposes. It is a general enabling authority under a well understood section of the tariff. No one has raised that question in an administrative sense since the end of the year, but if there should be any question about it there would be no difficulty in taking such steps as might be necessary. Here we have section 43:

If at any time it appears to the satisfaction of the governor in council on a report from the minister that goods of any kind are being imported into Canada, either on sale or on consignment, under such conditions as prejudicially or injuriously to affect the interests of Canadian producers or manufacturers, the governor in council may authorize the minister to fix the value for duty of any class or kind of such goods, and notwithstanding any other provision of this act, the value so fixed shall be deemed to be the fair market value of such goods.

That has relation not to the general tariff or the intermediate tariff, but to goods coming in under any tariff excepting the British preferential or any lower tariff.

Every order of the governor in council authorizing the minister to fix the value for duty of any class or kind of such goods, and the value thereof so fixed by the minister by virtue of such authority, shall be published in the next following issue of the Canada Gazette.

There has been no change and no necessity for a change with respect to that enabling authority.

Mr. BENNETT: But the mere reading of section 43 conclusively proves what I have said. It does not require any further discussion. I think the Minister of National

Revenue (Mr. Ilsley), as a lawyer, realizes that it is completely proven. Here is an order in council outstanding that fixes the rate, and that rate has not been varied. The authority for the minister is the order in council.

Mr. DUNNING: Fixes a value, not a rate.

Mr. BENNETT: Well, the rate is based upon the value. In order that there may be no misunderstanding, I am talking about the increase added to the invoice. Section 43 authorizes that to be accomplished in one way and one way only, and that is by order in council. You cannot get away from that.

Mr. DUNNING: A ministerial order.

Mr. BENNETT: Read what it says.

Mr. DUNNING: "The governor in council on a report from the minister"—may do what? May authorize the minister to fix the value for duty. And that authority exists.

Mr. BENNETT: Exactly, but the rate is fixed by order in council.

Mr. DUNNING: No, no.

Mr. BENNETT: But the rate was in these cases. I do not know about them all, but I know the minister was authorized to fix a rate not exceeding or not less than a certain figure. Some were fixed absolutely. One of the difficulties we had—the hon. member for Parkdale (Mr. Spence) will recall it—was that the order in council empowered the minister to fix a valuation and define the valuation, and the minister fixed it in accordance with that authority which he received from council. Having done that it was of course found that it was too late, or in one case it was too early. That is the reason you find these orders in council for the entire year. My hon. friend I suppose has been told by the officers of the department the reason that was done was that it was found necessary to make it applicable to the whole year in order that no difficulty might arise in connection with, for instance onions—that is one item I remember; I do not recall others. But the position is that the government at the moment is utilizing an order in council which it roundly abused when it was passed. That order in council does confer upon the minister certain powers, but those orders in council in some cases are very restrictive, and define the rate which he must fix. That is the point I was trying to make. In such cases it is clear there is no power in the minister to change it. I gather from what the Minister of National Revenue says that what has happened is that the collectors of customs have automatically applied it to eighty per cent of the lowest figure.

Mr. ILSLEY: As I understand the application of section 43 it is this: the governor in council first authorizes the Minister of National Revenue to fix the valuation for duty purposes on a certain class or kind of goods.

Mr. BENNETT: In certain conditions where Canadian interests are prejudicially affected.

Mr. ILSLEY: Yes, but it is not contemplated, nor is it necessary, that the governor in council should go further and fix the rate itself.

Mr. BENNETT: But it was done in some cases.

Mr. ILSLEY: I do not know whether the governor in council did that or not, but it was not contemplated by the section. It was contemplated that the minister should have discretion to fix the rate after being so authorized by the governor in council. Pursuant to that authority ministers have from time to time fixed rates on certain kinds of fruit and vegetables.

Mr. STIRLING: Fixed a value.

Mr. ILSLEY: Fixed a valuation for duty purposes on certain kinds of fruit and vegetables. Under our agreement with the United States, by these items in this schedule it is agreed that hereafter the minister, acting I assume under the same orders in council, shall not fix a valuation more than eighty per cent of the lowest valuations that have existed at any time in the last three years. I am at a loss to see where there is any impropriety in acting under the existing orders in council. There is no particular reason why action should be taken under existing orders in council if it is improper or illegal to do so, but it is not apparent to me that it is either improper or illegal.

I was not, I am afraid, able to understand the argument based on the provisos of page 28 of the customs tariff. That appears to be another branch of my right hon. friend's argument which I was not able to follow.

Mr. BENNETT: The point is, that no longer applies.

Mr. ILSLEY: I think that is correct.

Mr. BENNETT: Therefore we have reliance on a new departure, which must be authorized by order in council.

Mr. ILSLEY: Yes.

Mr. STEWART: This is a very interesting statement from the Minister of National Revenue, because the procedure that was adopted of fixing the value for duty purposes was condemned as unsound, autocratic and taking the control away from parliament and placing it in the hands of the governor in council. Now the minister goes further. Notwithstanding that under the procedure that was adopted the hon. gentleman admits that the minister reported to council and an order in council was then passed fixing the rate of duty, or limiting it to a certain amount—

Mr. ILSLEY: No, not rate, valuation.

Mr. STEWART: The minister used the word rate, but we are all wrong in using it; it is the valuation. The minister now says that he himself has the power, that he does not even need to consult the governor in council. Surely that is autocracy. Surely that is going the limit; surely that is taking the fixing of the value for duty out of the hands of parliament and even out of the hands of the governor in council and placing it in the hands of the minister. If that procedure has been adopted I submit it is the essence of autocracy. It is all wrong; it is contrary to the principle of the act and contrary to the practice that has been followed.

Mr. DUNNING: No.

Mr. STEWART: Yes. I think I know what took place.

Mr. DUNNING: But the same order in council exists at this moment with respect to this item.

Mr. STEWART: That is just what I am coming to. I say that order in council cannot have any effect—

Mr. ILSLEY: Why not?

Mr. STEWART: —that there should be a new order in council, and I am going to ask the minister to bring down the existing orders in council that have been made with respect to these items.

Mr. DUNNING: There is no new order in council.

Mr. STEWART: Let us have the old ones, and we will see just how they were made.

Mr. EULER: If they have not been repealed why are they not in force?

Mr. STEWART: Because I submit the provision here made makes those orders in council inapplicable.

Mr. EULER: When my hon. friend states that this is a new departure by this government or this party he is entirely wrong. When the former Liberal government was in power section 43 was already on the statute book with regard to fruits and vegetables, and that is what we are discussing right now.

Mr. STEWART: But in the discussions I am very sure the hon. gentleman did not point out that use had been made of it. He was criticizing and condemning the former government for the use of this provision before the amendment of the statute to permit it, and if any pledge was given it was that it would be abolished. Now it is being perpetuated.

Mr. EULER: My hon. friend is wrong if he refers to me as having condemned the application of section 43 to fruit and vegetables. I will admit that I condemned applying that in the extreme way in which it was applied to other commodities. But section 43, so far as fruits and vegetables are concerned, as the leader of the opposition knows, was on the statute book, and having been placed there by a former Liberal Minister of Finance, the Hon. Mr. Fielding.

Mr. STIRLING: Item 37(a) as it was then?

Mr. EULER: Yes, applying only to fruits and vegetables.

Mr. BENNETT: Natural products.

Mr. EULER: But used largely for fruits and vegetables, as everybody knows. And I did condemn the extremes at which valuations were fixed on other commodities, because I did not regard it as necessary. On fruits and vegetables there was a real reason for doing it.

Mr. BENNETT: Does the hon. member recall a delegation in the railway committee room? Does he recall his Prime Minister standing up and repudiating him and the Minister of National Revenue who attempted to exercise his discretion to impose duties upon importers of this country? Is his memory so lost that he cannot recall the circumstances under which a great delegation came here, and when he said he was in favour of duties upon natural products, or valuations on natural products? Does he recall in this house the circumstances before the dissolution of 1930? Does he remember how all over this country it was said it was never intended that one man by the exercise of his discretion should impose new duties upon the importers of this country? Does he remember that?

Mr. EULER: It was never done.

Mr. BENNETT: Because the government would not permit it to be done on the ground that it was taking away the liberty of the subject and the rights of parliament.

Mr. EULER: It was never done, except by orders in council passed by the government itself.

Mr. BENNETT: Yes, that is what I am coming at. The hon. member's memory is very short this afternoon; for those of us who sat on this side of the house then, as we now sit, can never forget the circumstances of that great gathering downstairs, and then in the afternoon hearing in measured tones the condemnation of a parliament that would part with the right to impose tariffs, and what terrible conditions would result if by any chance it was given to any one man to determine what the value for duty purposes should be upon any product, be it natural or otherwise. Who could forget that warning to beware lest principles which were established in centuries gone by might be lost by this action? Does the hon. member forget it?

Mr. EULER: It is perfectly clear.

Mr. BENNETT: I thought it would be. It was clear to all of us that when the government which succeeded came into office it passed an order in council under the provisions of section 43. It applied only to natural products. It was put into operation, and had reference to exactions with respect to vegetables and many kinds of fruits. In some cases discretion was left with the minister; in other cases it was embodied in the orders in council themselves. So the whole responsibility for executive action was accepted by council as being preferable to leaving it to the discretion of a single man to impose a duty. We know amout the promises in the press which indicated that these fixed values under section 43 were to disappear, and I remember reading not long since that orders in council had been passed abolishing them. Why was not the public told that instead of abolishing them what they are doing is taking them and saying that they are authorized to maintain them to the extent of 80 per cent of the lowest level. I am perfectly satisfied from what took place this afternoon that when the Minister of National Revenue said he spoke subject to his memory being correct he did not know it was being done. He took the view that it was not being done.

Mr. ILSLEY: My memory was incorrect. I agreed to the order myself on December 27, with respect to certain classes of fruits and vegetables. In order to provide a 20 per cent reduction in the fixed value under the United States trade agreement a new bulletin, No. 4461, was issued by my order on December 27, 1935, amending the previous bulletin, to provide for fixed valuation of three-fifths of a cent per pound.

Mr. BENNETT: And that is for the whole period of twelve months?

Mr. ILSLEY: Just for the time being, I think. They are subject to cancellation at any time.

Mr. BENNETT: But was there any period expressed?—because there is a suggestion in some of the orders in council authorizing the minister to make the order for a twelve months period. Then that order to which the minister has referred is a ministerial order for any length of time.

Mr. ILSLEY: Again I speak subject to correction—

Mr. BENNETT: I thank the minister for his full statement about it, because it is exactly what I thought would happen. It is presumably the exercise of a new discretion for the purpose of giving authority to what I conceive to be an incorrect exercise of power.

Mr. STIRLING: There is no date.

Mr. ILSLEY: I will get the information, but I do not think so.

Mr. STIRLING: Does it apply only to onions, or to other articles?

Mr. ILSLEY: It was applied in regard to all fruit and vegetable valuations in effect on December 31, 1935.

Mr. STIRLING: It qualifies them to the extent of eighty per cent?

Mr. ILSLEY: On all fruits and vegetables on which values were in effect on December 31, 1935.

Mr. DUNNING: I have been saying that.

Mr. SPENCE: Before the item of asparagus passes let me say that I think we have here made another great mistake, because a big industry has been built up in Canada by Canadian people at great cost. Their season lasts only a month or six weeks, and great care of the ground has to be taken. The whole question is as to what is done with the California asparagus coming into this market, and we must decide whether we are willing to put a dumping duty on it and stop the importation before our own is ready for the market. As a rule asparagus comes in and destroys the sale of our own product. No date can be set for valuation, because its growth depends entirely upon the soil and the heat of the sun. The variation is sometimes as great as three or four weeks. We know that in some seasons it comes in three or four weeks earlier than it does in others. Let me tell you, Mr. Chairman, that in the business world we wish to God that the minister's wings were clipped so far as

fixing values for duty purposes is concerned, because it is impossible for a man doing business to know when the stuff will come in. I am not particularly condemning the minister, because he would be advised by some understudy who does not know what he is advising and would not know the best sources from which to get information. I hope the minister will take steps towards a solution of the difficulty.

I do not know why the Minister of Finance did not have a discussion of all these commodities at one time, because had he done that we could have passed them all. The proposed action is against the interests of the people of Canada, because on account of their more favourable climatic conditions it is impossible for us to compete with the United States in growing articles of this kind. In some states they can grow two or three crops a year, whereas in Canada we grow only one, and that with a great deal of difficulty. How is it possible for us to compete with them? If the government wish to protect the primary producer, about whom they do so much talking, let them begin right here. They say they wish to protect the wheat grower, but they have forgotten all about the fellow in Ontario who digs in the soil from sunrise to sunset and who works harder than any man in the west ever worked.

Some hon. MEMBERS: Oh, oh.

Mr. SPENCE: You know nothing about work. Go and watch the truck farmers between Toronto and Niagara Falls work from sunrise to sunset—and they work during the whole of a working day; they are not sitting on a machine, as does the man who is ploughing a field. Very few hon. members do any hay pitching; they have machines to do everything.

Mr. DUNNING: Before this Donnybrook goes any farther may I suggest that we are talking about asparagus. I know what will happen in a very few minutes.

Mr. SPENCE: I did not intend to talk about other things, but hon. members injected some remarks which caused me to reply. I protest against the cut from 30 per cent. What is the necessity for it? There is no demand for it. Thirty per cent means nothing; it simply means a percentage on the net cost in Texas, or Tennessee, or wherever it comes from. This year we have thousands of boxes of good red carrots—

The CHAIRMAN: Order. The hon. memmer must confine his remarks to the subject under discussion.

[Mr. Spence.]

Mr. SPENCE: Why did we not discuss all of them? They are in the same category. I suggest that the committee is losing time. However, I shall obey your ruling, Mr. Chairman, and will not mention carrots. It will all depend entirely on what the government does, whether they intend to impose a dumping duty on asparagus before our own comes in, and do it at the proper time, upon advice from proper authorities. May I ask the minister whether he intends to impose a dumping duty to save our asparagus growers?

Mr. DUNNING: My hon. friend is, I know, an expert. Does he think such a valuation should be imposed now?

Mr. SPENCE: No, but we should know what the minister's intention is.

Mr. DUNNING: What would be your intention?

Mr. SPENCE: My intention would be that you should tell us right now what you are going to do, so that the people in the industry would know what to do and how to speculate. But to-day everything is so uncertain from the point of view of the government interfering and tinkering with tariffs that nobody knows what to do, and you are putting people out of business by the hundreds by the system you are following.

Mr. DUNNING: I was asking advice, Mr. Chairman, from an acknowledged expert as to what date he thinks a value for duty purposes should be imposed with respect to asparagus. I am asking for that advice from him now.

Mr. SPENCE: I could not tell you the date, and no man is wise enough to know it, unless you can tell me what the good Lord is going to do in the matter of weather. Asparagus will sometimes shoot up as long as that pencil on some hot nights and has to be cut immediately. If you leave it to me, I can give you definite information within two days, but you won't ask me, and nobody else in the house can give it to you except myself.

Mr. ROSS (Moose Jaw): I do not want to start any controversy between one part of this country and another, but now that we are on these items it might be well for the committee to remember that there is a large section between the great lakes and British Columbia which grows very few vegetables, asparagus or any other vegetables or fruits. If this house wants to impose a high value for duty purposes or a high tariff on these commodities, the people of Canada do not want them imposed for the purpose of exploit-

ing the people of the west. If you want to protect these commodities for the sake of your own growers I am entirely in agreement with that, but I am not in agreement with people in one part of Canada using the protection that is given them to exploit a large area of this dominion. These duties that are being imposed and these valuations that are being established are placing that large section of western Canada in such a position that they are unable to purchase these things at all to-day, and the consequence is that the people in this part of the country cannot sell them, nor can the growers in British Columbia sell them to a large extent because of the excess prices that are forced by tariffs and duty valuations. Not long ago, during the last administration I believe, whether it was done by the government or by the Minister of National Revenue I do not know, the system of applying tariffs was changed to a system of regional tariffs on certain fruit and vegetables. So far as I am concerned, as a western member, I would say let us have more of that. Take the three prairie provinces and make them one region in which no tariffs shall be imposed on fruits or vegetables, and let the rest of Canada have their tariffs if they want them.

Mr. SPENCE: A lovely spirit, to kill your brother.

Mr. ROSS (Moose Jaw): To keep your brother from being exploited.

Mr. SPENCE: You want to kill the fruit and vegetable man.

Mr. McGREGOR: I do not see any reason why they cannot grow asparagus in the west; then they would not have to import it.

Mr. DUNNING: They can and do grow it.

Mr. McGREGOR: Then what is the hon. member for Moose Jaw (Mr. Ross) talking about? If they grow it, they do not need to import it. It has been very amusing to hear some hon. gentlemen discuss this question. With all due respect for my hon. friend from Parkdale (Mr. Spence) I would point out that he is talking from the point of view of a commission man.

Mr. DUNNING: You mean a dealer's point of view?

Mr. McGREGOR: Call it a broker, then. I have been in business as a grower of vegetables all my life, and it is amusing to hear some of the arguments put up in this house. Surely the minister knows how many people are interested in the vegetable growing business in this country. He must know that no one in this country works harder than the vegetable grower, that he, his wife and children do not even get a chance to get a decent education, that they have to work from daylight to dark producing vegetables. Then when I pick up this schedule and see that the duty on vegetables coming into this country has been decreased fifty per cent, I just wonder what this government is going to do. Surely they do not intend to put these people out of business. There are thousands of market gardeners in my constituency who are on relief, even with the protection the industry has had during the last five years, so what can they expect in the next five years? Let us forget about politics. I hope the minister will give this matter serious consideration, and that when the time comes the duty will be imposed as it has been in the past.

Mr. DUNNING: My hon. friend from East York (Mr. McGregor) is a vegetable grower, and I understand also represents a large number of them. With respect to his fears, I have before me a quotation from an address by Mr. L. F. Burrows, the secretary-treasurer of the Canadian Horticultural Council, which I believe speaks to some extent at any rate for a large body of fruit and vegetable growers. He says:

> I am satisfied that from the standpoint of the producer of fruit and vegetables in Canada the provisions of this agreement offer with few exceptions ample protection to our industries, provided the values for duty are fixed as contemplated and are effective early enough to protect the market prior to our products becoming available.

I think one can take that as an average expression of view.

Mr. BAKER: What was the date of that speech? Was it before this agreement?

Mr. DUNNING: It was an address made at the recent annual meeting of the Ontario Fruit Growers' Association in Toronto. I have not the date.

Mr. McGREGOR: I should think the first thing we had better do is to inquire just who this man Burrows is and who pays him, and how many different salaries he is getting throughout this country. I understand he is paid by this government to start with; he is also paid by certain commission houses in Toronto, and I do not know how many other salaries he is getting. When this gentleman gets up and ventures an opinion he certainly is not speaking for the fruit growers of this country. He is backing up the opinions that the government wants him to back up.

Mr. DUNNING: I certainly repudiate, Mr. Chairman, any suggestion that any member of the government conspired to get this utterance from Mr. Burrows. I am assuming that the Ontario Fruit Growers' Association consists of growers of fruit.

Mr. McGREGOR: Mr. Burrows is not speaking for the fruit growers, and furthermore—

Some hon. MEMBERS: Order.

The CHAIRMAN: Order. The hon. member is out of order. The Minister of Finance has the floor.

Mr. DUNNING: I know of nothing either to the detriment of Mr. Burrows or to his credit, but a man who is secretary-treasurer of the Canadian Horticultural Council presumably must have the confidence of the growers. At least I remember, back in the days when I formerly occupied this position, the growers very frequently waited upon me headed by Mr. Burrows. If Mr. Burrows does not have the confidence of the growers, I am quite sure they are capable of dealing with him. I do not think we should make personal attacks upon individuals who have an official standing with associations of the industries concerned.

Mr. BENNETT: The hon. gentleman has not been in the house the last five years to hear the opposition talk about Mr. Burrows.

Mr. McGREGOR: How much does the government pay Mr. Burrows?

Mr. DUNNING: I do not know; I do not pay him anything.

Mr. McGREGOR: I am asking how much the government pays.

Mr. DUNNING: The hon. gentleman has a copy of the estimates in his desk and if he will refer to it he will find that a grant is given to the Canadian Horticultural Council, of which Mr. Burrows is secretary. This grant is the same as has been paid for years.

Mr. LENNARD: With all due respect to Mr. Burrows, I cannot see how a man can serve the commission men and the growers of this country at the same time.

Mr. STIRLING: This gentleman is not here and I think it is only fair to give one or two facts with regard to the Canadian Horticultural Council. The minister will remember that this council was brought into being, during the régime of the hon. member for Melville (Mr. Motherwell) when he was Minister of Agriculture, in order that the government of the day should have available information which would be collected from all parts of Canada in connection with the matters in which the council was interested. It was intended also to provide a channel through which information could pass from the government to these industries. The name of the secretary-treasurer has been mentioned this afternoon. He is employed by the council, not by the government. For excellent reasons, in years past as in this year, the government has contributed to the funds of this council. The council obtains other revenue from different associations throughout Canada. In the statement of Mr. Burrows which the minister has just read, I am of the opinion that he is voicing the considered opinion of those interests which combined together made up the horticultural council. I think I can confirm the statement which has been read, that if the government proposes to continue to use the dumping clause, the producers of Canada will know they have a measure of protection under which they can attempt to carry on. The future will prove whether or not the tariff is sufficient for the purpose.

Mr. DUNNING: That is a very fair statement.

Mr. CLARK (Essex): I want to endorse the remarks of the hon. member for Yale (Mr. Stirling). I think the whole situation depends upon the application of these dumping duties. There has been some controversy over the secretary-treasurer of the horticultural council, but as far as I know he is handling his job in the best way it can be handled under the circumstances.

Mr. ROWE (Dufferin): Are we to understand that there will be an application of the dumping duty?

Mr. SPENCE: They will not tell you anything.

Mr. DUNNING: You can be assured of the exercise of the best judgment of the government from time to time.

Mr. ROWE (Dufferin): We know that, although we may be doubtful of it at times. The hon. member for Parkdale (Mr. Spence) has almost pleaded with the minister to tell him at what time he will apply the seasonal tariffs. Another hon. member has said that it all depends upon the time that these tariffs are applied. I recall how vigorously hon. gentlemen on the government side opposed, when they were in opposition, the principles now being applied, and they went around the country promising their abolition.

Mr. EULER: Not on natural products.

Mr. ROWE (Dufferin): Promises of the abolition of seasonal tariffs were made in this house and throughout the country. Promises were made of the abolition of the dumping duties and the fixed valuations. Read the Prime Minister's speech at Woodstock. If hon. members of the government have a mandate to negotiate a reciprocal trade agreement with the United States that does not give reciprocal advantages to Canada, then I submit they have an equal mandate to abolish the dumping duties, the seasonal tariffs and the fixed valuations. That was part of their preelection pledges.

An hon. MEMBER: Do you want that done?

Mr. ROWE (Dufferin): I certainly do not. I am only pointing out that it might be considered as one of the first recantations of the government. That argument certainly was used on every platform in Ontario. I have received letters from vegetable growers in my district who are growing asparagus and other vegetables. Eight or ten thousand acres of marsh land have been reclaimed at very great expense and they are wondering what the government is going to do. These men want to know what the government's policy will be in that regard.

The CHAIRMAN: The hon. gentleman is out of order. He must confine his remarks to the item before the committee, that dealing with asparagus.

Mr. ROWE (Dufferin): Surely asparagus is either a fruit or a vegetable.

Mr. DUNNING: I am not sure which it is.

Mr. ROWE (Dufferin): The minister says he is not sure which it is, and I am not surprised at his saying that.

Mr. DUNNING: Are you sure yourself?

Mr. ROWE (Dufferin): I think I know as much about it as the minister.

Mr. DUNNING: Which is it?

Mr. STIRLING: A vegetable.

Mr. ROWE (Dufferin): The government is maintaining the principles which it condemned so vigorously before the elections. If this is being done for the protection of the fruit and vegetable growers, I commend the government.

The CHAIRMAN: The hon. member must confine his remarks to asparagus.

Mr. ROWE (Dufferin): The minister has told us already that these fixed valuations will apply to vegetables such as asparagus.

Mr. DUNNING: Is it a vegetable?

Mr. ROWE (Dufferin): Certainly it is.

Mr. DUNNING: Is it?

Mr. BENNETT: It is so classified.

Mr. DUNNING: Are you sure?

Mr. ROWE (Dufferin): The fruit and vegetable growers in the district to which I have referred are having their livelihood threatened, so much so that they are considering whether it is worth while to sow a crop this year. If we are to be assured that the government is going to do the opposite to what it said it would do before the elections, then the fruit and vegetable growers can have some assurance.

Mr. DUNNING: If my hon. friend wants an assurance that the government will do the opposite to what it professed it would do, I can tell him that he will get no such assurance. Section 43 was placed upon the statute books by a great Liberal Minister of Finance, the Right Hon. W. S. Fielding. The attitude of the Liberal party with respect to natural products is as it has been always. We recognize the special circumstances and difficulties which surround the production of these commodities. We recognize the need of special machinery which may not be required in the production of other commodities. The machinery is there and the government intends to use it for the purposes for which it was placed on the statute book.

Mr. SPENCE: Now you are committed to something.

Mr. DUNNING: That provides an excellent illustration of the impossibility of giving positive assurances with respect to this from year to year, and my hon. friend from Parkdale tells me he does not know at what date action should be taken.

Mr. SPENCE: I was not asking for the date.

Mr. DUNNING: I think he said also that he was the only expert in the house.

Mr. SPENCE: I did not intend to say that.

Mr. DUNNING: My hon. friend takes it in good part. I acknowledge at once he has special and peculiar knowledge with respect to this matter, and his statement was helpful in that it indicates the very difficulties which do surround the administration of section 43 with respect to natural products. I can assure him, and I am sure the Minister of National Revenue (Mr. Ilsley) can also assure him of the best and closest attention of the government to the matter as time progresses.

Mr. ILSLEY: I should like to endorse what my colleague the Minister of Finance (Mr. Dunning) has said. I should like also to give the committee a few figures, which perhaps may be of interest, on this matter of protection of fruits and vegetables.

Mr. BENNETT: Stick to asparagus.

Mr. SPENCE: You are getting away from asparagus. You would not let me get away from it, Mr. Chairman.

Mr. ILSLEY: I will give the figures with regard to asparagus only, if the committee thinks fit. On an assumed invoice value of six cents for asparagus, the ad valorem equivalent of the duty imposed prior to December 31, 1935, was 149 per cent, that is when we take the general tariff rate plus the dumping duties. Under this arrangement with the United States we have agreed, as I said before, that the advance on the invoice value shall not be greater than eighty per cent of the advance which previously existed, the lowest advance in the last three years. Taking into account the new tariff rate of 15 per cent ad valorem and the dumping duty, if imposed up to that maximum, the protection at the present time is still ninety-nine per cent ad valorem.

Mr. ROSS (Moose Jaw): We are going to be ruined!

Mr. ILSLEY: And that is not an isolated instance. I may say that I have no sympathy with the contention that the rates as provided for in the United States trade agreement are insufficient. I have a list of them before me, and certainly they would supply ammunition to those of my friends from the west who contend that the rates are too high, rather than to those of my friends opposite who contend that the vegetable growers and the fruit growers have been sacrificed by this agreement. For instance, if we apply in the future eighty per cent of the advance applied in the past, and the new rates of duty provided for in the agreement, the following are the ad valorem equivalents on fair invoice values which will apply:

	Per cent
Apples	76
Apricots	61
Canteloupes	203
Cherries	80
Cranberries	20
Grapes	76
Peaches	95
Pears	61
Plums and prunes	107
Raspberries	61
Strawberries	45
Asparagus	99
Beans	91
Beets	148
Cabbage	195
Carrots	152
Cauliflower	169
Celery	61
Cucumbers	145
Lettuce	76
Mushrooms	33
Onions, n.o.p.	108
Green onions	149
Peas	61
Peppers	84
Rhubarb	134
Spinach	61

[Mr. Dunning.]

You will understand, Mr. Chairman, that these are the maximum rates which the government is permitted by this agreement to impose. The point I am trying to make is that when my hon. friends contend that the fruit and vegetable growers have been sacrificed by the agreement, that certainly is not borne out by these rates. If the committee is interested, I can give the rates that have—

Mr. SPENCE: What has that to do with the item we are now discussing?

Mr. ILSLEY: I can give the ad valorem equivalents of the rates that have heretofore existed for the same list, and I ask the committee to note the size of these:

	Per cent
Apples	106
Apricots	80
Canteloupes	283
Cherries	105
Cranberries	25
Grapes	100
Peaches	150
Pears	80
Plums and prunes	160
Raspberries	100
Strawberries	83
Asparagus	149
Beans	138
Beets	208
Cabbage	280
Carrots	213
Cauliflower	250
Celery	150
Cucumbers	204
Lettuce	166
Mushrooms	60
Onions, n.o.p.	150
Green onions	171
Peas	95
Peppers	128
Rhubarb	186
Spinach	95
Average	135

Mr. BRADETTE: It should be enough.

Mr. ILSLEY: These do not all bear on the item before the committee, but they are illuminating, I think, when we are considering the question whether by this agreement

there has been a sacrifice of the interests of the fruit and vegetable growers in Canada. There has been nothing of the kind. The margins are so great that there is room for the exercise of governmental discretion within the maximum, but certainly if the maximum were imposed the protection would be adequate.

Mr. McLEAN (Melfort): Before this item carries I should like to thank the hon. member for Dufferin-Simcoe (Mr. Rowe) for urging the government to reduce these dumping duties or to abolish them entirely at the present time, when the item of asparagus is before the committee. I wish also to thank the Minister of National Revenue (Mr. Ilsley) for giving us these figures, showing the tremendous burden that is being borne by those who have to buy and consume these goods.

Mr. SPENCE: You do not need asparagus on the prairies. You can grow it there and it will cost you nothing.

Mr. McLEAN (Melfort): Surely. We can do a lot of things there, but why should we waste a dollar's worth of time in producing twenty-five cents worth, when we can use the same time to produce a dollar and a half's worth of wealth? Would it not be foolish for parliament to compel us to squander our efforts in doing a thing like that? The point I am making is that I wish to assure my hon. friends that the people of this country are intelligent enough, if they are left free, to use their time and energy to the best advantage.

Mr. MacNICOL: Talk about asparagus.

The CHAIRMAN: I would point out to the hon. member who has the floor that he must confine his remarks to asparagus.

Mr. McLEAN (Melfort): I was dealing with asparagus and pointing out that under the old regulations there were imposed on invoices, duty and taxes of 302·3 per cent which has now been reduced, including duty and taxes on invoices, to 202 per cent.

It would be folly to compel the people of western Canada, as my hon. friend from Parkdale (Mr. Spence) suggested, to grow asparagus when they ought to be using their time and energy and the resources of the climate they have at their disposition. My hon. friend told us that his vegetable growers, who are protected by a duty and tax running up to 320 per cent, are now on relief. I am glad he is willing to help us abolish that condition by enabling us to buy those vegetables and sell them to consumers in other parts of Canada at a much smaller price. In connection with the sale of asparagus I find many resolutions like this:

> That the climatic and geographical situation of the prairie provinces creates a sufficient natural protection for Canadian producers of fruits and vegetables—
>
> Including asparagus.
>
> —and any further protection constitutes an unwarranted burden on our consumers.
>
> It further recommends:
>
> That the prairie provinces be constituted a zone where dump and seasonable tariff duties in fruits and vegetables should not apply.

I want at this moment to support the plea by the hon. member for Moose Jaw (Mr. Ross) that there should be a separation of tariff zones or a differential between tariff zones in Canada, and that that area in which sufficient protection is afforded by climatic, freight and other conditions to the fruit growers, should be left free, should not be included.

I find that last year fixed valuations and dumping duties were applied on asparagus from April 25 to July 9. At that time supplies of asparagus from British Columbia were not available, and I do not think they were going out from Ontario. Why, then, should the people of that section of the west be penalized between April 25 and July 9? Last year asparagus was available in British Columbia from May 2 to June 10, or for just more than one month, so the dumping duty was applied to that section of the country for a period of thirty-six days during which no adequate supplies were available, and anyone who wanted to buy asparagus at that time had to pay that protection and tax amounting to 320 per cent, which has been reduced now to 202 per cent including the dumping duties, the taxes and the other charges. I ask you, Mr. Chairman, and through you this committee if it is reasonable to say to the people of a large section of Canada that they either must do without the vegetables, asparagus if you like—I am keeping to the one item—or that they must pay a protection of 320 per cent to the people who are producing or trying to produce it and who, as my hon. friend has said, are almost on relief.

Mr. GRAYDON: I should like to say just a word in reply to the hon. member for Melfort and the hon. member for Moose Jaw. I believe they are presupposing—and I think they are trying to be fair—that because there is a considerable tariff protection for fruits and vegetables, particularly asparagus, at certain seasons of the year, the price they must

pay in those sections of western Canada is increased accordingly. The information I have, from a constituency in which there are many fruit and vegetable growers, including asparagus growers, is that the internal competition afforded by the growers of these commodities within Canada is sufficient to assure to purchasers in other parts of Canada a reasonable price. I think if my hon. friends will look up the information they will find that purchasers of these commodities are not being penalized in the way that perhaps might be taken from their remarks. I would not like to think that any considerable part of the purchasing public in Canada was being unfairly penalized by virtue of a protection given to a particular section of our growers. I am sure that is not the idea even of the growers themselves. I have a good deal of sympathy with the remarks made by the hon. member for East York (Mr. McGregor), who said that the fruit and vegetable growers were having a very difficult time even with the protection they have been given. I am hopeful that the Minister of Finance will see to it that proper protection is given so that the growers will not be penalized in any way by virtue of the change.

Mr. ROSS (Moose Jaw): In connection with the remarks of my hon. friend from Peel (Mr. Graydon), I think he is taking a fair view of the matter. As I said a moment ago when I began my remarks in connection with asparagus, I do not think our people should be exploited. These people who are endeavouring to get protection for the asparagus growers of the different parts of Canada should realize that the very fact that they have put on that protection has lost them a large market in our part of the country among people who are unable to buy these commodities, and that the tariff that exists to-day is of very little value to them as far as our section is concerned. That is why I ask that we zone this thing and take our part of the country out.

One hon. member says, "Kill your brother." You have killed almost all your brothers in the west as far as asparagus goes. It is impossible for our people to buy it. My hon. friend says he does not want to see prices raised on that account, but they are raised on that account, in our part of the dominion at any rate. The result is that to-day we cannot purchase many of these articles we purchased formerly; prices are so high now that we are not able to pay them. By putting our part of the country into a zone to which the tariff will not apply you will be helping us and you will not be hurting yourselves, because you have not a market there to-day in any case and you never will have a market there if you keep prices so high that our people cannot buy these commodities.

Mr. McGREGOR: I do not suppose our western and eastern brothers will ever get together on the prices of vegetables, so we shall have to leave it to the minister to do the best he can. I feel satisfied that the minister is going to look after this tariff question satisfactorily in this connection.

Mr. DUNNING: It is the Minister of National Revenue who administers this.

Mr. McGREGOR: I just want to say that the time when these tariffs should be applied is a matter of great importance. If they are not applied on the exact day they should be, the market will be flooded with American goods, so when the first Canadian goods come on to the market they will not bring any fair return, and it is only on the first products on the market that the growers make any money. We are talking about asparagus. Probably many hon. members do not know that it takes four years to produce asparagus beds. Let us not forget that.

Mr. ROSS (Moose Jaw): Depending on where you are.

Mr. McGREGOR: It does not make any difference where you are. My hon. friend probably knows something about growing wheat but he does not know anything about growing asparagus. I say that it takes four years to produce asparagus beds, and I hope the minister will bear that in mind.

Mr. STEWART: I should like to clear up the matter with the Minister of National Revenue. An order in council was passed or orders in council were passed authorizing the minister to fix the value for duty purposes on asparagus. I am not sure whether there was a limit in that order in council. I want to ask the minister whether the government are operating under that order in council at the present time or whether any instructions or rulings have been given in any way modifying or changing it. From what the minister said I gathered that some departmental instruction or ruling had been given, not about asparagus because the time for that has not come yet, but about other commodities. Are these orders in council fixing these values all standing as they were or have instructions been issued varying or reducing them?

Mr. ILSLEY: The orders in council are still outstanding; they have not been changed or repealed or rescinded in any way. With

regard to the valuations made under those orders in council, we made the changes necessary to bring the valutions in accord with the trade arrangement with the United States. We did that in the latter part of December. That is the explanation of the reduction in the advance on invoices in relation to onions, for example. With regard to certain fruits and vegetables upon which the valuation for duty purposes exists for part of the year only, some of those orders have been cancelled. I cannot give my hon. friend the particular ones that have been cancelled, but in any case they are all seasonal and they have been cancelled for that reason.

In the past the procedure has been for the Minister of Agriculture to write to the Minister of National Revenue stating that the season has ended or the season is beginning, as the case may be, and unless the Minister of National Revenue has some reason for not following the advice of his colleague, that advice is followed. That has been the practice of the two departments in the past. I wonder if I have answered what my hon. friend has in mind.

Mr. STEWART: I want to thank the minister for his statement. He has said that action has been taken to bring the orders in council in line with the provisions of this agreement.

Mr. ILSLEY: The valuations.

Mr. STEWART: Very well; to bring the valuations in line with the provisions of this agreement. Was that done by order in council?

Mr. ILSLEY: No; it was done by ministerial order.

Mr. STEWART: Then I should like to have a copy of that order, if there is one.

Mr. ILSLEY: I will furnish my hon. friend with copies. They are very short, consisting of only two or three lines.

Mr. COLDWELL: I should like to ask the minister how these valuations for duty purposes are arrived at. For example, what relation has the valuation to prices either in the United States or in Canada? We in western Canada are very much interested in that point, because we have a very short season for these commodities and we are paying very high prices for imported vegetables. Just how is this valuation for duty purposes arrived at?

Mr. ILSLEY: I have not fixed any, and when it is necessary for me to do so I suppose I shall have to formulate principles on which to proceed. The only changes I have made are such as to bring the valuations into accord with the agreement we have entered into with the United States. That is to say, the advances on invoiced values of certain fruits and vegetables have been reduced to eighty per cent of what they were before the agreement. What principles will be followed in fixing any new values is a matter of ministerial or government policy to which consideration will have to be given. I am not in a position to formulate those principles at this time.

Mr. COLDWELL: I hope that when the time comes the minister will bear in mind that we frequently see an abundance of cheap vegetables across the line just to the south of us, while very high prices prevail in western Canada and we are unable to buy them. Cauliflower, brussels sprouts, asparagus and all such commodities are away up in price as compared with those across the line.

Mr. BENNETT: If the electors of this country could have heard the speeches made by hon. gentlemen opposite this afternoon I think they would have found it a little difficult to understand the position the Liberal party is now taking. They have confessed this afternoon that with respect to asparagus we are eighty per cent right. They have confessed that the principle is one hundred per cent right.

Mr. ROSS (Moose Jaw): What principle?

Mr. BENNETT: The principle of valuation for duty. They have admitted that, yet on every platform in western Canada where they could gather together they pointed out that the effect with respect to asparagus was to increase the price to a great extent, and that this valuation for duty purposes should be wiped out, and they told the electors it would be wiped out.

Mr. ROSS (Moose Jaw): No; they did not.

Mr. BENNETT: The impertinence of the hon. gentleman does not add anything to the value of his observations.

Mr. ROSS (Moose Jaw): Mr. Chairman, I would ask the right hon. gentleman to withdraw that remark.

Mr. BENNETT: Well, he is not going to.

The CHAIRMAN: Order. I think the right hon. leader of the opposition should withdraw his remark.

Mr. BENNETT: I am sorry to say, Mr. Chairman, I cannot. "Impertinent" is a proper word meaning "not pertinent," and the

observation the hon. member made was not pertinent. I have had that up before, and I know what I am talking about. I am sorry I cannot do what is requested.

Mr. ROSS (Moose Jaw): I contend, Mr. Chairman, that the language of the right hon. gentleman was unparliamentary and it should be withdrawn.

The CHAIRMAN: With all due respect to the leader of the opposition and his long parliamentary experience, I think he should withdraw the remark.

Mr. BENNETT: Well, as an old member of this house I owe a duty to the Chair, and I accept the ruling of the Chair. That is all I say. I am bound to do that, but if you, Mr. Chairman, will be good enough to look up the rules I think you will modify the statement you have made. A flat contradiction, such as was made by the hon. gentleman as a basis of any observation, is out of order; let us have no misunderstanding about that.

I was pointing out that the statement was made that the Liberal party when in office would remove these valuations. I have the speeches that were made in parliament from time to time, and time and again that was stated by the Liberal party in opposition.

Mr. McLEAN (Melfort): On asparagus?

Mr. BENNETT: Yes, and on other kinds of vegetables. It will be found in the record of the last five years. The point was made with respect to asparagus, that it was a vegetable which matured early in the United States, the surplus could be shipped here and the people could utilize it, and that the fixing of a valuation made the price so high that the people did not get asparagus as early as they otherwise would have. That was the contention. Against that was the large investment in glass and in asparagus beds. The hon. member for East York (Mr. McGregor) has pointed out that it takes four years to develop asparagus beds. Be that as it may; I do not know, but I do know that in western Canada I have seen very fine asparagus beds, some of the very finest beds I know of, developed over the last few years, and this takes several years.

But this point is clear: If in this country you are to permit the climatic conditions of the United States to destroy those who are engaged in the production of asparagus, all you have to do is to pursue the course which in opposition the Liberal party said that it proposed to do. Now we are told this afternoon that the minister himself has made an order, and under the rules of the house, he must, being a minister of the crown and quoting from a document, table that document. I am curious to see how he made his computations. They must have been based upon the value. What was the value? If the valuation was too high or too low the computation would be affected accordingly. Those computations with respect to asparagus and all these other matters must, under our rules, be laid on the table.

Mr. ILSLEY: Six cents a pound—I said that.

Mr. BENNETT: That is the price on the invoice.

Mr. ILSLEY: Yes.

Mr. BENNETT: That is the price. I happen to know something of it because one session a very vigorous attack was made with respect to these matters, and on the platform the same thing took place. Here is asparagus at six cents; that is the price offered at the end of the season in the United States. Mark you, to-day is the twelfth of March, and asparagus has been on the market in Ottawa for at least this last week or more. I do not know at what price per pound it came in, but I do know that it has come in from the United States and has been offered on our market. The price gradually diminishes because it is a seasonal crop, and there comes a time when you can no longer cut the asparagus from the bed. But up to the time that they can no longer cut it from the bed it is shipped to this country from the United States at steadily decreasing prices until, at last, the final cut taken from the bed is shipped to Canada at a very low price, and that is the reason we have a seasonal tariff. That is the reason this country has imposed a tariff upon asparagus cut from those beds, with our beds not yet or just about coming into production, and our asparagus growers would not be able to meet that foreign competition unless provision were made in our tariff. Provision was made in our tariff originally by Mr. Fielding. It is true that it was not utilized by him. The present Prime Minister repudiated the action of one of his colleagues with respect to it and said: The very thought that a man should be charged with the power and discretion to deal with tariffs in this way was offensive to the very idea of parliamentary institutions. That was said time and time again; it will be found in Hansard prior to 1930. Some hon. members will remember the great delegation that met

in the railway committee room and the discussions that took place on that occasion.

Asparagus is sent to this country early in March. It is now being sold in Canada. Our beds will not be able to be cut until April, and our tariff said that from April 15 to May 31 inclusive the duty should not be less than three cents a pound. It contemplated that at least until this period elapsed, from April 15 to May 31 inclusive, the period in which asparagus would be cut, the duty should not be less than three cents a pound. When do we come into production? If the season is late we come into production in the early part of May or the end of April. If the season is early we come into production in the early part of April. But if during the six weeks preceding that our markets are swamped with asparagus from other countries there is no possibility of selling our own product that enters our markets in the middle of April or the first of May.

That is the reason this legislation is on the statute books. That is the reason asparagus is dealt with in this way. That is the reason asparagus and other vegetables have been dealt with as I have indicated. If six cents a pound is the invoice price as the asparagus is shipped from, we will say, the Carolinas at the present time, then the very minute the supply becomes greater the price becomes, I repeat, lower, until there comes a time when asparagus is sent to Canada at any price the grower can get for the last cut off his beds in the Carolinas. The climate is the determining factor.

When the late Mr. Fielding had enacted the provision to which I have referred he made certain observations which are to be found in his speech. It is not, as has been said, a dumping duty. The minister used the term "dumping duty," but I do not think he intended to use that term.

Mr. ILSLEY: They call it a special or dumping duty.

Mr. BENNETT: But there is a dumping duty which is entirely different from that. I wish to make it clear that that is not what was intended; it was this special duty under section 43. Mr. Fielding did not yield to that easily. A Liberal government accepted it, because it had to choose between two things, namely, between the extinction of the asparagus business in Canada or the maintenance of it by the only method through which it could be maintained. That is what the Liberal party had to do, and they chose this method of doing it. But they did not put it into force; the late government put it into force. We put it into force. I know of no case in which a Liberal government put it into force, except that one case where it was about to be put into force, and then the gathering took place and steps were taken which resulted in its not being put into effect.

The issue is a simple one. It is a choice between the maintenance of the asparagus industry or wiping it out altogether. The government say that protection offered is adequate. They say that the protection offered by the late administration was excessive to the extent that the special duty imposed was too high by twenty per cent—

Mr. ILSLEY: But the rate was higher, too.

Mr. BENNETT: I shall come to that—and that the rate which was formerly higher should be now reduced to fifteen per cent Time will tell what the effect will be. I cannot do more than point out that during the years which have passed no one will say that asparagus growers in Canada have waxed rich under the tariff. I have yet to find any man in that business who has made more than an ordinary, commonplace living, and hardly that in most cases. I can say further that the evidence of the work they put upon their beds and the hours of their labours indicate that they have not received a decent wage for the services they have rendered, if they had been employed on a wage basis.

If as a result of the reduction consumers are to get asparagus at a lower price and there is to be no injury to the producer, as the minister has indicated, then there will be an advantage for consumers of asparagus in Canada. But if on the other hand the government jeopardizes the economic existence of producers, realizing that asparagus coming in during the early months of this or any year is to some extent a luxury, then I say that it has done a serious injury to the producers, and one against which the late Mr. Fielding directed his legislation.

Section 43 as it now reads is in broader terms than when it was passed by him. As hon. members may recall, it was limited to natural products, and there were certain other limitations to which I need not now refer. So far as this item is concerned I am content to leave it on the statement that has been made as to what the government believe will be, as they say, a sufficient protection. Mark you, I am glad to hear them accept that view of protection. So long as they say that the grower will be adequately protected, then that is all we have ever contended for. From season to season during the last five years

there have been variations depending entirely upon the supply offered for importation into Canada. If the supply from abroad—and only one country, namely the United States, furnished it—was a very large quantity, then obviously the price in Canada was reduced accordingly. But if the supply was scant and the season late the necessity for the utilization of section 43 to the extent we utilized it was not so great. That is and has been the position.

It is only fair, however, to point out that we now find the government of Canada, which during months and weeks abused the late administration for the utilization of the section in the manner in which they utilized it, now availing themselves of it and saying, as one of the ministers said, that automatically the provisions have been continued. The Minister of National Revenue issued a ministerial order. One man issued a ministerial order that placed asparagus where it was subject to a special duty of—

Mr. DUNNING: Reduced it.

Mr. BENNETT: —four and a half cents; that is what that order did.

Mr. DUNNING: It reduced it.

Mr. BENNETT: Yes; it was subjected to a special duty of four and a half cents a pound. The principle has not changed. The principle is that one man did this. We have heard these walls resounding against the exercise of that power—but it has been exercised. What I say is that such hypocrisy at least should be disclosed to the people.

Some hon. MEMBERS: Order.

Mr. BENNETT: There is no "order" to the use of the word "hypocrisy." Take your dictionaries and look it up. If you find out about it you will find an exemplification of it in your own party.

We have tried to point this out with respect to asparagus. In the last five years we have endured attacks by men who have gone to their constituencies and made them ring with the idea that one man had been setting up special duties with respect to asparagus and other commodities, but to asparagus, in particular. Now we are confronted with what? We are confronted with a situation wherein they themselves are doing that which they condemned, and are glorifying the provisions made by the government of the past, because they are employing the order in council passed by the late government as the basis for their action. It is not a new order in council; it is an order passed by the late government and it is now exercised in the discretion of one man. We must condemn such double duplicity as that.

They say that the principle is right. They say: Mr. Fielding introduced it, but we never practised it. Now they say that not only is the principle right but the practice is right. The whole thing resolves itself into this, that in the exercise of ministerial discretion under the provisions of orders in council passed by the late administration, and reductions in duties under the provisions of the agreement, the grower is subject to a form of competition to which he was not previously subjected. What the hon. member for East York has said is quite true.

Has anyone ever realized what the competition is among dealers themselves? Go to the markets and watch the efforts of dealers to sell asparagus, as soon as our season opens. Watch the competition between our growers, cut-throat competition, in some cases, because they are trying to sell in a market in which the demand has been substantially satisfied by importations prior to the time our beds were in a condition to be cut. That is the reason we regard this matter as important, because it involves the acceptance of a principle which we believe is the only one that will save the industry of this country from destruction by unfair and unjust competition.

Mr. DUNNING: It should be pointed out, quite dispassionately that the present section 43, in so far as it relates to natural products, was placed there by a Liberal finance minister, Hon. W. S. Fielding, in special recognition of the facts of which we have heard this afternoon. I suppose the same statement has been repeated in every session of this parliament during the last fifteen years, that there are such tremendous climatic variations which must be dealt with. It is incorrect to say that the Liberal party in office did not give effect to section 43. It did, and the machinery of operation was the same then as it is to-day.

Mr. BENNETT: Name the cases. It never operated.

Mr. DUNNING: The Department of Agriculture was consulted by the Minister of National Revenue with respect to conditions prevailing in the particular industry, asparagus in this case, and with respect to the times and the current values of imports, and on the basis of such consultation the Minister of National Revenue, having been previously authorized so to do, sets the value for duty, and did set it during the period of office of the former government.

Mr. BENNETT: Name a case.

Mr. DUNNING: I cannot offhand.

Mr. BENNETT: No; I guess you can not.

Mr. DUNNING: But there were many such.

Mr. BENNETT: There was not any.

An hon. MEMBER: A flat contradiction.

Mr. DUNNING: Section 43 is still on the statute books. The Liberal party does not condemn the fair and equitable use of section 43 of the Customs Act with respect to natural products.

Mr. BENNETT: Hear, hear.

Mr. DUNNING: That is what it was put there for, its fair and equitable use with respect to natural products. But we do condemn and have condemned and will continue to condemn what we regard as the unfair and arbitrary use of section 43. We have abolished many artificial valuations.

Mr. BENNETT: How many?

Mr. DUNNING: I cannot name the exact number.

Mr. BENNETT: Were there ten?

Mr. DUNNING: Far more than ten.

Mr. BENNETT: Name them.

Mr. DUNNING: Well, I have not such an encyclopaedic mind as has my hon. friend, but I assure him seriously that very many valuations under section 43 were abolished.

Mr. BENNETT: I asked for a report from the department and I received it before I left office. It did not contain any such number.

Mr. DUNNING: In the document now before my hon. friend is a list which greatly exceeds ten in number. I am a little anxious to get asparagus passed, and I am trying not to be provocative myself. I think the record of this afternoon's discussion with respect to section 43 in its application to asparagus will probably be satisfactory to all parties to the controversy. Can we now get along to green beans, Mr. Chairman?

Mr. STIRLING: With regard to asparagus I do not think anybody will disagree with the statement of the minister that it was a Liberal administration that inserted the dumping clause in the Customs Act, or that it was a Liberal administration that inserted clause 37a, now 43. But I must differ with the minister when he says that Liberal administration of the past ever operated under either of them. I think the correct statement of fact is that not until the Conservative government came into office for a few months in 1926 were orders in council passed under which valuations for duty were set up. The Liberal government carried those orders on until they cancelled them all in 1928, and did not renew them. I shall be interested indeed if the minister can dispel our doubts on the subject by bringing down copies of any orders in council passed during that régime under section 43, or 37a as it was before, relating to fruits and vegetables.

Sub-item (a) agreed to.

Mr. BENNETT: Mr. Chairman, with respect to the question of order, I am certainly desirous of conforming to the views expressed by the chair. In this parliament words have been used from time to time of a very general character without anybody taking exception to them, including the words "impertinence" and "hypocrites." That is not desirable. In the British parliament the words would be out of order; in this parliament I think at times such words have been held to be out of order and at other times not. In deference to your ruling I withdraw the statement, although the provocation for using it was very great. I desire to make it quite clear that at all times I will as far as it is reasonably possible conform to the rulings of the chair. When I was speaking an interruption was made of a character which I think was wholly unwarranted, and I used the words I did under those circumstances, which words I now withdraw.

Customs tariff—87. Vegetables, fresh, in their natural state:
(b) Beans, green, 15 per cent.

Mr. SPENCE: I think if the Minister of Finance had accepted my suggestion and taken all these items together the discussion over the whole lot would have been finished long ago. However, in connection with beans, I said a few minutes ago that in many states they grow two or three crops a year. Two years ago in Florida, where green beans were coming from at that time, they had a bad frost which froze all the beans, and in six weeks they had a new crop. Can that be done in Canada? It is impossible for this country with its climatic conditions to compete with that situation.

Mr. STIRLING: Would the minister be good enough to give the duties on our beans going into the United States?

Mr. DUNNING: "Beans not specially provided for, and black-eye cowpeas, green or unripe, 3½ cents a pound."

Mr. STIRLING: Has the minister yet received the 1929 figure?

Mr. DUNNING: One-half cent a pound in 1929.

Mr. HEAPS: Did we export any beans last year to the United States?

Mr. DUNNING: There is no record of green beans. I do not want to reintroduce soya beans, but it happens that these green beans are in the same statistical class as soya beans.

Mr. McGREGOR: What were the imports of beans?

Mr. DUNNING: No record of imports separately.

Mr. LENNARD: I would not be doing my duty to the people I represent if I did not protest against any reduction of duty on any of the early vegetables. In that respect, and dealing with green beans in particular, I have received many protests from people in my constituency during the past several weeks, and a large number of those protests have come from followers of the present government. I might draw to the minister's attention the fact that all the vegetable growers in Wentworth county do not belong to any one particular party.

Sub-item (b) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(c) Brussels sprouts, 15 per cent.

Mr. ROWE (Dufferin): Would the minister give the rate going into the United States?

Mr. DUNNING: They are not specially provided for in the United States tariff; therefore they would come under "all other vegetables." at fifty per cent ad valorem.

Mr. BAKER: What is the money value per annum of brussels sprouts brought into Canada?

Mr. DUNNING: There is no record of that separately. It was twenty-five per cent in 1929 prior to the imposition of the Hawley-Smoot tariff.

Mr. BENNETT: That is the last one?

Mr. DUNNING: Twenty-five per cent under the Fordney-McCumber tariff.

Mr. BENNETT: We want it prior to the Fordney-McCumber tariff.

Mr. DUNNING: That was applied in 1922 and was in effect until 1930.

Mr. BENNETT: The Hawley-Smoot was put into effect in 1930, pardon me.

Mr. DUNNING: You want the figure for 1930, after the increase?

[Mr. Stirling.]

Mr. STIRLING: Twenty-five per cent before and fifty per cent after.

Mr. BENNETT: We want the present tariff rates for the entry of our goods into the United States, and the rates in effect prior to the Hawley-Smoot tariff. Brussels sprouts are not subject to the special duty.

Mr. DUNNING: That is right.

Mr. BENNETT: It does not look very much like reciprocity when you give the United States a fifteen per cent tariff while they have a fifty per cent tariff against our goods. I understand that this country has been producing increasing quantities of brussels sprouts.

Mr. DUNNING: I dislike to get into a controversy with my right hon. friend, but I would point out that no valuation for duty purposes was imposed last year on brussels sprouts.

Mr. BENNETT: What is the average invoice price per pound for brussels sprouts?

Mr. DUNNING: It is difficult to get that information. Perhaps some hon. member could tell us. It is under the general item of other vegetables and I cannot answer my right hon. friend.

Sub-item (c) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(d) Cabbage, 15 per cent.

Mr. ROWE (Dufferin): I think it would expedite the procedure if the minister would give us the United States tariff rates without our having to ask for them.

Mr. DUNNING: The present rate on cabbage going into the United States is two cents per pound; it was formerly twenty-five per cent ad valorem.

Mr. STIRLING: Our protection is ·15 cents per pound while the American duty is two cents per pound.

Mr. DUNNING: I cannot confirm my hon. friend's percentage figures. I would point out that this item is qualified by the valuation feature, which may amount to two cents per pound.

Mr. ROWE (Dufferin): That would be about 100 per cent tariff.

Mr. DUNNING: I prefer to deal with actualities, not percentages.

Mr. HEAPS: What is cabbage worth a pound?

Mr. DUNNING: I do not know.

Mr. STIRLING: One cent per pound.

Mr. HEAPS: I am told it is worth one cent a pound. In that case a two cent duty would be 200 per cent.

Mr. McGREGOR: I understand that cabbage is selling at the present time for six and seven cents per pound.

Mr. SPENCE: Ontario had a very poor crop of winter cabbage and numerous shipments were brought in by truck from Montreal to Toronto. Unfortunately many of the growers around Toronto had large numbers of cabbages in their pits on January 1 when the fifteen per cent duty came into effect, and tons of cabbage were dumped because the people preferred new cabbage. My contention has always been that an embargo should be placed against these fruits and vegetables for certain periods. So long as the people can buy new stuff, they will do so no matter how high the duty may be. The government would be better advised to take the advice of men who have been in this industry for forty or forty-five years. They contend that an embargo would be of more benefit to the grower than would seasonal tariffs or anything else. While I was in Toronto the other day I saw loads of cabbage being taken to the incinerator to be burned. The new cabbage is coming in from Texas where the grower is receiving a price even lower than that received in Canada. The freight is not too high and the people are ready to pay ten cents a pound for new cabbage rather than two cents a pound for the old, which has the same food value. People do not like to buy old potatoes or old cabbage when the new stuff is available. They will buy strawberries at Christmas time if they are in the stores.

Sub-item (d) agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock, Mr. Sanderson in the chair.

Customs tariff—87. Vegetables, fresh, in their natural state:
(e) Carrots, 15 per cent.

Mr. BENNETT: Would the minister state the duty in the United States for this item, and what the duty was before 1930?

Mr. DUNNING: Fifty per cent at the present time, and twenty-five per cent before 1930.

Sub-item (e) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
Beets, n.o.p., 15 per cent.

Mr. BENNETT: What is the position with respect to this?

Mr. DUNNING: Seventeen per cent. The same under both United States tariffs prior to 1930 and at the present time.

Mr. STIRLING: What about the shipments?

Mr. DUNNING: The imports?

Mr. STIRLING: Yes.

Mr. DUNNING: Imports of beets, n.o.p. from the United States, 1,732,000 pounds, valued at $38,891, in 1931.

Mr. BENNETT: Exports?

Mr. DUNNING: No exports.

Mr. STIRLING: Did we export any?

Mr. DUNNING: They are included generally with fresh vegetables exclusive of onions, potatoes and turnips, the total exports of which were $33,000.

Sub-item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(f) Cauliflower, 15 per cent.

Mr. DUNNING: Fifty per cent going into the United States at the present time, twenty-five per cent prior to 1930.

Mr. JOHNSTON (Bow River): In referring to cauliflower, I should just like to say that the people of the western provinces, especially Alberta, Manitoba and Saskatchewan, find that, due to present tariff conditions, not only is there protection to British Columbia, but there exists what amounts almost to an embargo preventing the prairie provinces from getting these vegetables. I have taken this item and worked it out so that it will be seen that the protection afforded is not merely protection but is in fact an embargo so far as those provinces are concerned. Supposing we take the weight as being 42 pounds—this is a specific case worked out—the invoice price of that would be eighty-five cents. Then there is the fixed value added to that for invoice purposes, which amounts to four-fifths of a cent per pound.

Mr. BENNETT: My hon. friend is wrong, I think, when he says four-fifths of a cent. Under the old arrangement prior to the agreement it is not four-fifths of a cent, but four cents.

Mr. JOHNSTON (Bow River): That makes a value for fixing duty of $2.10 for that particular item. Then there is the duty of fifteen per cent, which would amount to thirty-three cents. Then there is the dump duty, a duty not to exceed fifty per cent value for duty purposes; that would amount to 1·095. Now, the per cent duty of the invoice would be 176·4. That duty is exceptionally high, but when you consider that there is a freight differential coming by British Columbia into the prairie provinces, your freight coming from California, for instance, would be ·78 on that. Then you have the freight per case coming in from British Columbia, which would be ·18. That would make a differential, a freight excess if you like to call it, of ·60. When you take into consideration that your freight differential is practically a protective duty, that gives a protection on that particular article of 247 per cent. If it were just the regular duty of fifteen per cent, along with the differential of freight, that would be ample, but when you consider the dumping duty as well, which that really amounts to, it practically puts us in the western provinces into a position in which we cannot buy that stuff at all.

As the hon. member for Moose Jaw (Mr. Ross) said a little while ago, if some arrangement could be made whereby regional duties were imposed, that would be overcome. I have no objection whatever to British Columbia being protected. If she thinks she should be protected, then I say, by all means give her that protection, but I do not think we in the prairie provinces should be penalized because of British Columbia. It must also be remembered that British Columbia cannot raise any more than sufficient for her own local markets. When we want those vegetables in Alberta or Saskatchewan or Manitoba they cannot be brought in from the coast in sufficiently large quantities to take care of our market; only a few cases, in any car of produce, are allowed to come in. I think the tariff is out of all proportion when one considers that tremendous differential in freight, which alone should be sufficient protection.

In the matter of cauliflower British Columbia is over-protected. If the benefits were restricted to Canadian producers the situation would not be quite so bad, but cauliflower is raised in British Columbia mainly by orientals. If you do not count the freight, the protection would be somewhere around 174 per cent, which amounts practically to an embargo, and the protection goes almost entirely to orientals. I contend that it would be much better to have something like a regional duty, as suggested by the hon. member for Moose Jaw, and allow British Columbia protection if she wishes for it, but I do not think it is right to ask that the three prairie provinces be put practically on the embargo list in respect of that item.

Mr. McDONALD (Souris): In the discussion that has taken place this afternoon two factors have, I think, been lost sight of—the high price of the land, and the high suburban taxes that are paid by those men who are engaged in growing vegetables and small fruits. I am told that in Ontario land is as high as $2,500 per acre and that taxes are as high as $100 per acre. It is not fair that growers of vegetables and fruits should try to unload that heavy overhead on the Canadian consumers. We in the west thought we could grow wheat on $50 per acre land, but we found that this could not be done. Now that we have good roads and rapid transportation my advice is that market gardeners and small fruit growers should move further out in the country and get cheaper land. Let them not try to make the Canadian consumers pay that impossible overhead. In any case I do not think these high prices do very many people much good.

Mr. McGREGOR: I should like to ask the hon. gentleman what the men growing fruit and vegetables at the present time will do if they are unable to sell what they produce.

Mr. DUNNING: We are talking about cauliflowers, Mr. Chairman.

Mr. BEAUBIER: I should like to direct attention to the fact that Manitoba grows plenty of cauliflowers to supply the west, and the only protection necessary would be seasonal protection.

Mr. JOHNSTON (Bow River): Most of our cauliflower in Alberta comes from British Columbia. It is strange that we never get it from Manitoba if my hon. friend's statement is correct.

Mr. BENNETT: Would the minister indicate the imports of cauliflower?

Mr. DUNNING: Statistically they are included under vegetables, n.o.p., and not separately recorded.

Mr. BENNETT: What is the added value under section 43 at the present time?

Mr. DUNNING: The maximum will be 3½ cents per pound.

Mr. BENNETT: What was the rate?

Mr. DUNNING: The maximum value was four cents.

Sub-item (f) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
Eggplant, free.

Mr. McGREGOR: I should like to ask the minister just why eggplants come in free.

Mr. DUNNING: I have no particulars of production in Canada; it is so small as to be not of record.

Mr. McGREGOR: I will admit that until the last few years very few eggplants were produced in this country, for the simple reason that the growers did not think the season was long enough to produce them. In the past two years, however, they have been very successfully produced even in my own riding, which is in the vicinity of Toronto, and there are other places in the country much better fitted for the growth of these vegetables. They have been produced very successfully, but certainly they will not be produced, because of the short season we have in Ontario, if the duty is taken off entirely.

Mr. BENNETT: What is the rate of duty on eggplant entering the United States?

Mr. DUNNING: It is 1½ cents per pound at the present time. Before 1930 it was twenty-five per cent ad valorem.

Sub-item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(g) Celery, 15 per cent.

Mr. BAKER: What was the value of celery imported from the United States last year?

Mr. DUNNING: In 1935 we imported 12,014,000 pounds valued at $357,000. The rate of duty going into the United States is two cents per pound; before 1930 it was twenty-five per cent ad valorem.

Mr. BAKER: There is one point that has impressed me in listening to this discussion, but we are speaking about celery now, so I will confine my remarks to that subject. The government are lowering the duties on many vegetables. We have not been given all the figures, but no doubt they would total millions of dollars. The celery we import is consumed largely in the cities and large towns of Canada; generally speaking the farmers do not buy much celery. In these cities and large towns where the celery is consumed we have hundreds of thousands of unemployed, able-bodied men. Adjacent to these cities and towns we have thousands of acres of land practically idle. To me it appears very inconsistent—and I submit this idea to the government and the Minister of Labour—to go on in this way. Would it not be better to increase the duties on celery and these other items and, instead of importing these vegetables to the extent of millions of dollars, put these men to work growing vegetables? I submit that this is a reasonable suggestion, and I offer it to the Minister of Labour.

Mr. JOHNSTON (Bow River): In connection with celery also, I should like to point out that this is a matter in which the west is vitally concerned. It is true that some of our celery comes from the east, but experience has shown that even though the celery is sent to the west in refrigerator cars it will not stand the transportation, and as a result we in the west are penalized. In British Columbia the same condition exists in connection with celery that exists in connection with the other article of which I spoke; here again there is such excessive protection that we are practically prohibited from having celery. It is true that we raise a certain amount of celery ourselves, but the production is very much limited and is not nearly sufficient to take care of the demand. Some celery may be grown in Manitoba, but there is not sufficient to supply our markets at the time we demand it. Celery is not a luxury any more; it has become almost a necessity, and I do not think we should be penalized in this regard. Some is grown in the Okanagan valley of British Columbia, but that supply lasts for only a short period, and when we in the west are urgently in need of that vegetable it cannot be secured in sufficient quantities to supply our market; in fact, when the merchants send for it they can secure only three or four boxes out of a carload shipment, and that is not sufficient to maintain our markets. I should like to point out how utterly impossible it is for us to carry on under these conditions. This is how it works out: Taking the weight as fifty-five pounds, at the same rate the invoice would be $1.25. I may be a little wrong in my figures, but this serves just as an illustration.

Mr. DUNNING: Prior to the agreement the advance in invoice value on celery was one cent per pound maximum, applied last year from July 10 to November.

Mr. BENNETT: The minimum, not the maximum?

Mr. DUNNING: Under the agreement the maximum would be four-fifths of a cent per pound.

Mr. JOHNSTON (Bow River): If it is less than one cent it would aggravate the case still more, but taking it at four-fifths of a cent there is a duty value of $1.69. Then there is the regular duty of fifteen per cent, which would amount to twenty-five cents. Then there is a dump not to exceed fifty per cent.

Mr. BENNETT: There is no dump where there is a special duty.

Mr. DUNNING: That is quite correct. In his previous illustration my hon. friend was in error when he used the dump.

Mr. JOHNSTON (Bow River): It amounts almost to that.

Mr. BENNETT: No; there is no dump duty where there is a special duty.

Mr. JOHNSTON (Bow River): If it were carried out it would be forty-four cents. Then you have the excise duty of three per cent, which is six cents; total tax, seventy-five cents. Then there is the present duty on the invoice along with that, which would be sixty cents. Then there is the freight. One of the greatest difficulties, which has been overlooked in estimating the protection for British Columbia, is the freight. The freight from California would be $1.02 and the freight from British Columbia twenty-three cents, a difference of seventy-nine cents, in addition to the other protection. That gives them a protection of 123·2 per cent, a tremendous protection. It is not a protection but an embargo on that article as well as on the other of which articles we spoke. If we assume it to be true that there is no dump duty, this would lower the percentage a little, but even at that it is entirely out of reason. It makes it so that we in the western provinces are practically prohibited from using this article. There is another sound reason why we should have a regional protection. If British Columbia wants protection I have no objection, but I say that we in the prairie provinces, Manitoba, Saskatchewan and Alberta, should not be penalized to that extent.

Mr. BRADETTE: I cannot accept the statement of the hon. member for Eglinton (Mr. Baker) that celery and similar vegetables are eaten only in cities and towns. He does not know his own province. Does he not realize that the settlers and miners of northern Ontario eat celery?

[Mr. Bennett.]

Mr. BAKER: Consumed mostly in cities and large towns.

Mr. BRADETTE: In northern Ontario we have such towns as Timmins with over 20,000 people; we do not produce celery in that northern section and we are being penalized. Settlers in northern Ontario and northern Quebec are paying through the nose under seasonal tariffs. We do not want our own farmers to be hurt, but our settlers, the working men, the miners, must also be considered. Apparently there is a class of people in this house who will be satisfied with only one situation; they do not look at these things nationally. They mentioned soya beans yesterday.

Some hon. MEMBERS: Order.

Mr. BRADETTE: The leader of the opposition (Mr. Bennett) covered the whole field before recess.

The CHAIRMAN: I must ask the hon. member to confine his remarks to the item under discussion, which is celery.

Mr. BRADETTE: Well, I will keep to celery, which includes all vegetables. I say again that as far as the farmers in every section of northern Canada are concerned, in most cases under the seasonal tariff they have to pay higher prices than they should, and not for their own protection, for they have no protection whatever. In this matter we should take a national point of view, and not see it only from the point of view of those sections in which vegetables and fruit are produced.

Mr. POULIOT: After dinner celery is better than pork and beans.

Mr. BAKER: I stand by what I said.

Sub-item (g) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(h) Cucumbers, 15 per cent.

Mr. BENNETT: What are the rates?

Mr. DUNNING: Three cents a pound under the present United States tariff; twenty-five per cent ad valorem under the tariff prior to 1930.

Mr. BENNETT: And the extra duty value at present is how much?

Mr. DUNNING: Prior to the agreement, 3½ cents; under the agreement, 2⅘ cents.

Mr. BENNETT: For what period of time? The whole year?

Mr. DUNNING: Last year under my right hon. friend's administration it was from May 6 to October 12.

Mr. STEWART: Could the minister give the imports?

Mr. DUNNING: Imports of cucumbers from the United States were 770,000 pounds valued at $45,100.

Mr. PERLEY (Qu'Appelle): They could all have been grown in Canada.

Mr. BRADETTE: Yes, and bananas too.

Sub-item (h) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(i) Lettuce, 15 per cent.

Mr. DUNNING: Rates of duty on lettuce entering the United States: two cents a pound at present; prior to 1930, twenty-five per cent ad valorem.

Mr. HEAPS: In computing the value for duty are the boxes and the ice still taken into consideration?

Mr. ILSLEY: I am advised that the ice is not taken into account in reckoning the duty, in this particular case.

Mr. HEAPS: That is, the duty on the boxes and ice is now being removed?

Mr. ILSLEY: No; the practice is not to reckon the duty on the value of the ice. Is that the question?

Mr. HEAPS: No. A shipment of lettuce coming from the United States contains a large amount of ice, and if I understand the matter correctly, at the present time in computing the weight for duty the whole box is weighed, lumber, ice and everything, and the duty charged on that. I want to know whether in the fifteen per cent to be charged under this item the crate and the ice are to be taken into consideration.

Mr. BENNETT: That is covered by the item in the tariff, No. 87: Vegetables, fresh, in their natural state, weight of package to be included in weight for duty. Of course, where it is ad valorem it is on the value of the goods, not on the packing.

Mr. STEWART: Would the minister tell us, if he knows, why the duty on these articles going into the United States was changed from an ad valorem duty to so much a pound? Also has he made any analysis of the change, and is not the result to increase the duty as compared with the former basis?

Mr. DUNNING: It depends on the value from time to time whether an ad valorem or a specific duty would be higher, but I think it fair to say that the change in the United States tariff in 1930 with respect to these items tended to increase the duty.

Mr. BENNETT: There is no doubt about that.

Mr. STIRLING: In the case of lettuce, before 1930 it was, roughly speaking, one-half cent and now it is two cents.

Mr. DUNNING: That is going into the United States.

Sub-item (i) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(j) Parsley, 15 per cent.

Mr. BENNETT: Why is there no valuation? Why is there to be no increase in value with respect to parsley whereas there is with respect to others? Because it has not been done heretofore? Because there is a substantial reduction? The duty is cut in two at the present time. It was thirty per cent, and it is now fifteen per cent. What was the duty on entering the United States?

Mr. DUNNING: It is now fifty per cent entering the United States.

Mr. BENNETT: Ad valorem?

Mr. DUNNING: Yes, and prior to 1930 it was twenty-five per cent.

Mr. McGREGOR: How much parsley came in.

Mr. DUNNING: We have no separate record of parsley imports.

Mr. McGREGOR: I think the committee will find that all the parsley that has been shipped into Canada has come in during the winter time. No parsley is shipped in during the summer. The amount of duty would make no difference, because parsley is very light and if a duty were placed on it according to weight it would not amount to anything. If it were put on according to percentage it would not mean anything because the parsley comes in to compete against parsley grown in greenhouses in Canada in the winter time.

While I am on my feet I would say that one of the reasons we have a big holler about the cut flower arrangement is that the people who are growing parsley, watercress, lettuce

and radishes in their greenhouses must grow flowers to-day because they cannot sell the vegetables. Therefore they are all growing flowers. If any duty could be put on, this would help a great deal.

Sub-item (j) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(k) Peas, green, 15 per cent.

Mr. BENNETT: I should like to have the three questions answered.

Mr. DUNNING: I was looking up the information, and shall attempt to give it. The Hawley-Smoot tariff provided for three cents but by presidential proclamation it was increased to 3·9 cents, and under the agreement it is reduced as against Canada to two cents during the months of July, August and September. It is one of the items on which concessions are obtained for the entry of Canadian products into the United States market.

Mr. BENNETT: That is per pound?

Mr. DUNNING: Yes.

Mr. BENNETT: What was the rate prior to 1930?

Mr. DUNNING: Under the Fordney-McCumber tariff prior to the coming into effect of the Hawley-Smoot tariff, it was one cent.

Mr. STIRLING: Nearly four times as much.

Mr. BENNETT: What are our imports of green peas from the United States?

Mr. DUNNING: I have no separate figures for them. They are included in fresh vegetables, which total $33,000.

Sub-item (k) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(l) Rhubarb, 15 per cent.

Mr. DUNNING: It is fifty per cent going into the United States at present, and prior to 1930 it was twenty-five per cent.

Mr. BENNETT: Has the minister the importations, or are they given separately?

Mr. DUNNING: We have not the separate importations.

Mr. BENNETT: What is the special duty value?

Mr. DUNNING: Formerly it was two cents; now it is one and three-fifth cents.

Sub-item (l) agreed to.

[Mr. McGregor.]

Customs tariff—87. Vegetables, fresh, in their natural state:
(m) Spinach, 15 per cent.

Mr. DUNNING: It stands at fifty per cent entering the United States, and prior to 1930 it was twenty-five per cent. Last year importations from the United States amounted to 4,588,000 pounds, valued at $138,591.

Mr. STIRLING: Did we ship any?

Mr. DUNNING: There is no separate record of it.

Mr. BENNETT: What is the value?

Mr. DUNNING: Formerly one and one-quarter cents and presently one cent per pound.

Sub-item (m) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(n) Tomatoes, 15 per cent.
Provided that the duty under any tariff less favourable than the British preferential tariff shall at no time be less than two cents per pound, the weight of the packages to be included in the weight for duty.

Mr. DUNNING: I shall give the usual information, after which the discussion may proceed. At present the rate is three cents per pound on tomatoes going into the United States, and prior to 1930 it was one-half cent per pound.

Mr. JOHNSTON (Bow River): May I point out a specific case to show how utterly impossible it is for people in the prairie provinces to enjoy this commodity, one which no longer is a luxury but can be named among the necessities. The situation is such that it amounts to practically an embargo. I have before me the figures of a specific case of tomatoes coming in from California to Alberta, the point of destination being Calgary. By the time a case costing seventy-five cents is laid down in Calgary it costs $3.04. That includes a total protection of $2.15.

Mr. DUNNING: I do not wish to interrupt the hon. member, but from his previous use of figures I must say that I am afraid he has made an error in calculation. Possibly he used a particular item of duty twice over, and of course for the purposes of this discussion it is quite impossible to consider the cost of railway freight in connection with the tariff on the item. From my hon. friend's point of view, speaking for the consumer, of course freight enters into the picture, but with respect to the percentage of duty applicable freight certainly cannot fairly be calculated.

Mr. JOHNSTON (Bow River): I think that substantiates my point that in setting the duty the differential in freight should be considered, because that in itself is a protection.

Mr. DUNNING: But it will vary throughout Canada.

Mr. JOHNSTON (Bow River): This is just for the prairie provinces of Alberta, Saskatchewan and Manitoba, and I am speaking particularly for Alberta. I think the point is clear that if the other provinces wish that protection and the freight does not enter into the matter, all well and good. However, we in Alberta certainly have to consider the freight, and when we find that the protection which would in this way be afforded comes up to between 100 per cent and 200 per cent, surely we should have special consideration. Possibly I should go further and say that the three provinces of Manitoba, Saskatchewan and Alberta should have it. A regional duty should be put on in that case. Let British Columbia and the eastern provinces do as they wish; if they do not want regional protection, that is their own funeral. However, I do not see why we out in the west should be made to suffer because British Columbia does not wish to consider the difference in freight.

I shall give the figures I have before me, and if they are wrong I should like to be corrected. The invoiced price is seventy-five cents on a crate weighing thirty-five pounds. The quotation is given as of June 30, 1934. The minimum seasonal duty of thirty per cent would be all right, but if thirty per cent of the invoice value was less than the amount realized from two cents per pound, the weight of the package included, the latter would apply. This would make a total of seventy cents. There we have a duty of seventy cents on a case originally costing seventy-five cents, or almost 100 per cent. The value for duty invoiced was seventy-five cents. Then, there is in addition three cents a pound on thirty-five pounds, or $1.05. That makes a total of $1.80. I am coming to what my hon. friend referred to as the dumping duty. The set valuation, according to that, would be $1.80, which would exceed the invoice by $1.05; that is, if you subtract the one from the other you get $1.05. That is fifty per cent more on the value for duty, or fifty per cent of $1.80, which would be ninety cents. That would be the dumping duty on tomatoes. If this is not correct I should like to be informed. I say that there is ninety cents of a dumping duty, and there is an excise tax of three per cent.

Mr. DUNNING: I may tell my hon. friend that, worked out actually and on a fair average over a period of years, the duty prior to January 1 per crate of tomatoes would be approximately $1.65, whereas the duty on the first day of January under the agreement, on the same crate of tomatoes, would approximate sixty-eight cents.

Mr. JOHNSTON (Bow River): Not taking into consideration the question of freight.

Mr. DUNNING: We are talking about duties, not about freights.

Mr. JOHNSTON (Bow River): I understand that. But does the minister not realize also that, missing that point, he is penalizing us in the prairie provinces?

Mr. REID: If the hon. gentleman's reasoning is correct, why was it that last year we in British Columbia paid more for British Columbia tomatoes than he did in Alberta?

Mr. JOHNSTON (Bow River): That will be something for you to work out internally.

Mr. REID: The hon. gentleman undertakes to give us the answer; let him answer that question.

Mr. JOHNSTON (Bow River): The growers in British Columbia are protected; we in Alberta pay through the nose all the way round.

Mr. REID: I am giving the hon. gentleman facts; let him also give us facts.

Mr. JOHNSTON (Bow River): There is a seasonal duty of seventy cents on that article; the dumping duty is ninety cents; excise tax, four cents, and there is also the freight differential of 51 cents, which makes a total protection of $2.15 on an article which originally cost seventy-five cents. If you call that fair dealing with the western provinces then I want to be shown.

Mr. CLARK (Essex): Coming from the earliest producing district in Canada I should like to give some figures. The average selling price of an eleven-quart basket of tomatoes in 1935 was 41·5 cents. That was through the largest cooperative in that early producing district.

Mr. BENNETT: How many pounds?

Mr. CLARK (Essex): Fifteen. The hon. member for Bow River is mistaken in one respect. The duty on natural products is not added on to the Canadian product. We still sell in a supply and demand market, as is shown by the price we receive for our products.

In connection with semi-manufactured articles possibly the tariff is added on; but natural products still sell in Canada in a supply and demand market, so that this is protection and not a bonus.

Mr. JOHNSTON (Bow River): Why is it then that most of the tomatoes we get from British Columbia are field tomatoes, though they raise but a small quantity of tomatoes in that province? Theirs are hothouse tomatoes raised by orientals, and there again we find protection for orientals in British Columbia. Field tomatoes are shipped by way of British Columbia and we get them in Alberta and are soaked again.

Mr. STIRLING: I do not know where the hon. gentleman gets his figures, and they are extremely difficult to follow; but I do know with regard to tomatoes that prior to 1930 there was against our tomatoes going into the United States a duty of a half a cent a pound. There is a duty of three cents a pound now. The duty is reduced from thirty per cent to fifteen per cent, and I notice that there will be no added duty in the future. Is that a statement of fact?

Mr. DUNNING: My hon. friend forgets the two cents specific duty in connection with this item by reason of the imperial agreement commitments.

Mr. STIRLING: It is to be not less than two cents a pound.

Mr. DUNNING: Two cents a pound.

Mr. STIRLING: What is the actual meaning of this phraseology: "Provided that the duty under any tariff less favourable than the British preferential shall at no time be less than two cents"?

Mr. DUNNING: That means what it says; it includes the rate applicable to the United States, and it shall not be less than two cents. That preserves the agreement made with the crown colonies under schedule F of the empire trade agreements.

Mr. STIRLING: And in that they are free.

Mr. DUNNING: Yes. In order to preserve that preference the two cents per pound minimum had to be imposed in this case.

Mr. BENNETT: The tariff for tomatoes is item (n) under vegetables, provided that when imported under the intermediate or general tariff the rate of duty shall be at no time less than two cents per pound. What has happened here is merely a continuance of that.

Mr. DUNNING: Yes.

[Mr. S. M. Clark.]

Mr. BENNETT: But there is no longer any special duty to be added under any circumstances.

Mr. HEAPS: I notice in this item that the boxes in which tomatoes are crated are valued for duty purposes. I do not mind paying a duty on tomatoes as they come into the country, but why should the consumer be compelled to pay a duty on the containers? Can the minister give any good reason why there should be a duty on the containers?

Mr. DUNNING: The Minister of National Revenue will answer that question.

Mr. ILSLEY: I am not sure that I heard all that the hon. gentleman said, but packages have been included in the past. If he will look at the customs tariff he will see that in reckoning the weight for duty purposes the packages are included, and this simply continues that practice.

Mr. HEAPS: That is what I am complaining of; I see no reason why the containers should be valued for duty purposes. I do not think we should pay duty on them and I am wondering whether there is any good reason for the practice.

Mr. ILSLEY: In this case we cannot help ourselves, because we agreed to preserve this margin in the empire agreements and it would be impairing the margin to make the difference which the hon. gentleman suggests.

Mr. HEAPS: How many tomatoes did we import last year from England?

Mr. DUNNING: It is not a matter of importations from England; it is with respect to the crown colonies that the preference was created.

Mr. HEAPS: Were the West Indies agreements a part of the agreements of 1932?

Mr. DUNNING: Schedule F of the imperial trade agreement.

Mr. HEAPS: What tomatoes were imported from the different parts of the empire in the last fiscal year?

Mr. DUNNING: From Bermuda, 68,697 pounds.

Mr. HEAPS: How many from the United States?

Mr. DUNNING: From the United States, 11,290,000 pounds.

Mr. BENNETT: Prior to 1930 we had to pay one-half cent per pound if we desired to send tomatoes into the United States, and we have to pay three cents per pound at the present time. We have cut the duty from

thirty per cent to fifteen per cent on imports from the United States. There is no provision for added value under section 43, but the rate must be a minimum of two cents per pound if that exceeds fifteen per cent.

Mr. DUNNING: The two cents per pound is the minimum.

Sub-item (n) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(o) Watercress and whitloof or endive, 15 per cent.

Mr. BENNETT: What are the figures for this item?

Mr. DUNNING: Fifty per cent to enter the United States at the present time, twenty-five per cent prior to 1930.

Mr. BENNETT: Our present reduction is fifty per cent. Is there any provision for added value for duty purposes?

Mr. DUNNING: No.

Mr. BENNETT: But there is with respect to peppers.

Mr. DUNNING: That is correct.

Sub-item (o) agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
Peppers, green, 15 per cent.

Mr. BENNETT: What are the figures as to peppers?

Mr. DUNNING: Two and one-half cents per pound entering the United States at the present time; before 1930, twenty-five per cent ad valorem.

Mr. BENNETT: What is the present added value for duty purposes under section 43?

Mr. DUNNING: There was a value of three cents per pound, but it was not applied in 1935.

Mr. BENNETT: Is there any value to be applied now?

Mr. DUNNING: No. Of course my right hon. friend understands that it could be two and two-fifth cents under the agreement, but none is being applied and none was applied in 1935.

Mr. BENNETT: It can be applied if the minister so desires.

Sub-item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
Radishes, 15 per cent.

Mr. DUNNING: Radishes entering the United States at the present time pay fifty per cent; they paid twenty-five per cent prior to 1930.

Mr. BENNETT: What were the imports?

Mr. DUNNING: No separate classification; they are in that $33,000 item to which I have referred several times.

Mr. BENNETT: Any increased value for duty purposes?

Mr. DUNNING: No.

Sub-item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
Artichokes, free.

Mr. DUNNING: Fifty per cent to enter the United States at the present time; prior to 1930, twenty-five per cent.

Mr. BENNETT: What was our duty?

Mr. DUNNING: Twenty-seven and a half per cent.

Mr. BENNETT: That is the intermediate, the general is thirty per cent. We have cut the rate fifty per cent.

Mr. ROWE (Dufferin): One hundred per cent.

Mr. SPENCE: Do they come in free the year round?

Mr. DUNNING: Yes.

Mr. SPENCE: Does the minister think that is fair to our growers in Canada?

Mr. ROWE (Dufferin): In other words, we are paying 100 per cent more to enter the United States than we paid prior to 1930, and we take 100 per cent less.

Mr. SPENCE: It is ridiculous.

Mr. GRAYDON: What quantity of artichokes were produced in Canada last year?

Mr. DUNNING: There was no commercial production. I am advised that there are no figures.

Sub-item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
Horseradish, free.

Mr. McGREGOR: Surely there is no reason why horseradish should come in free. This is grown all over the country and has been for years, and the same can be said for artichokes.

Mr. BENNETT: What are the rates going in to the United States?

Mr. DUNNING: Three cents per pound at the present time and twenty-five per cent ad valorem prior to 1930.

Mr. BENNETT: Is there any increased value for duty purposes?

Mr. DUNNING: No. The imports are negligible and are not shown separately. They are included in the one item which is not very large when they are all put together, only $33,000 for all other vegetables.

Mr. ROWE (Dufferin): What was the previous duty on horseradish?

Mr. DUNNING: It was 27½ per cent and thirty per cent.

Mr. BENNETT: We reduced from thirty per cent to free.

Mr. DUNNING: That is right.

Sub-item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
Okra, free.

Mr. BENNETT: What is the present duty on okra?

Mr. DUNNING: Free, 27½ per cent and thirty per cent.

Mr. BENNETT: That comes under the n.o.p. item?

Mr. DUNNING: Yes.

Mr. BENNETT: We have reduced it from thirty per cent to free. What are the United States charges?

Mr. DUNNING: At present fifty per cent ad valorem; prior to 1930, twenty-five per cent ad valorem. They grow it, of course.

Mr. BENNETT: Yes, and so do we.

Sub-item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(p) N.o.p., 15 per cent.
Provided that in respect of the goods dutiable under tariff item 87 no value for duty shall be established under the authority of section 43 of the Customs Act except in the case of the sub-items indicated thus (*); and in no case shall any value so established exceed the invoice value by more than 80 per centum of the lowest advance imposed on like goods under the authority of said section during the calendar years 1933 to 1935, inclusive.

Mr. BENNETT: This item is reduced from thirty per cent to fifteen per cent.

Mr. DUNNING: Yes.

[Mr. McGregor.]

Mr. BENNETT: This would include all vegetables that are not specified in the details with which we have been dealing?

Mr. DUNNING: Yes.

Mr. STIRLING: The rates going into the United States were fifty per cent and twenty-five per cent?

Mr. DUNNING: Of course the n.o.p. items of the two countries are not comparable.

Mr. BENNETT: The n.o.p. items with respect to vegetables are comparable because many of the items with which we have been dealing are in the United States n.o.p. items. The item at the present time is fifty per cent ad valorem, and prior to 1930 it was twenty-five per cent.

Sub-item agreed to.

Item agreed to.

Customs tariff—89. Vegetables, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:
(a) Beans, baked or otherwise prepared, 2 cents per pound.

Mr. DUNNING: The effect of item 89 is to bind the intermediate tariff.

Mr. ROWE (Dufferin): What is our duty on those articles going into the United States?

Mr. DUNNING: Beans are three cents per pound on entire contents of container entering the United States. Prior to 1930, thirty-five per cent ad valorem.

Mr. STEWART: Could the minister give the imports of beans? These are under a different classification. I suppose he would have statistics as to imports from the United States.

Mr. DUNNING: Forty-two thousand pounds valued at $2,700. From Italy, 8,000 pounds, $550; and from Belgium, 6,300 pounds, valued at $486.

Mr. STEWART: The minister is speaking of beans only?

Mr. DUNNING: Beans, yes.

Mr. STEWART: And that was in what year?

Mr. DUNNING: 1935.

Mr. STEWART: According to some information I have, imports in the years 1928 and 1929 from the Untied States were about $2,000,000.

Mr. DUNNING: I will see what we have in our suitcases to confirm that or otherwise. It sounds big to me.

Mr. BENNETT: As a result of the tariff of 1930 the importations were less of Campbell's soups and Heinz's beans.

Mr. STEWART: I was giving the figures of canned fruits and vegetables. I do not know whether the minister has them separately or not, but they seem to have been a very considerable item in 1929.

Mr. BENNETT: There is no reduction in the United States on three cents a pound?

Mr. DUNNING: No.

Mr. STIRLING: Will European countries to which the minister referred just now enjoy the two cents a pound?

Mr. DUNNING: They always have, if they come in under the intermediate tariff.

Mr. BENNETT: Italy had the most favoured nation treaty.

Mr. DUNNING: The statistics we have available go back only to 1931. In that year $38,000 worth of canned beans were imported from the United States.

Mr. ROWE (Dufferin): The duty on canned beans has been reduced 33⅓ per cent?

Mr. DUNNING: We have reduced it from three cents to two cents, incidental to the granting of the intermediate tariff.

Mr. BENNETT: That is 33⅓ per cent, is it not?

Mr. DUNNING: I prefer to state it in actual terms.

Mr. BENNETT: Is not that "actual terms"? The minister has very strange views about this. He uses percentages very frequently. A reduction from three cents to two cents is a reduction of 33⅓ per cent.

Mr. DUNNING: Will my right hon. friend let me tell him a little story to lighten the tedium of the committee's work, and to explain my objection?

Mr. BENNETT: The chair would have to be consulted about that.

Mr. DUNNING: The point being percentages, which is of course akin to this item of beans. Perhaps I had better not, Mr. Chairman.

Mr. STIRLING: Instead, would the minister tell us what the exports were to the United States?

Mr. DUNNING: I gave the import figure of 58,600 pounds. We exported 4,000,000 pounds.

Mr. BENNETT: Thanks to the British preference.

Mr. WALSH: As regards this item, during the course of the debate preceding these items, I voiced an objection in connection with specific and ad valorem duties. I want to express my opinion that the specific duties are not fair and reasonable. To-day, a specific duty of two cents a pound might represent a protection of twenty-five per cent. Next year, one cent a pound might represent a protection of fifty per cent. The percentage varies. I would rather have something more stable.

Another point I would like to make is that I consider this is one item at least on which we could put on a very heavy, in fact a prohibitive duty, because surely we can grow a sufficient quantity of beans in this country to provide work for our own people in growing them and in canning them. Moreover, this would stimulate a certain amount of business in the manufacture of cans and other incidentals in connection with the canning industry. I urge upon the attention of the Minister of Finance whether it is not possible to introduce into our tariff system a prohibitive duty that would not in any way increase the cost of the commodity to the consumer, but at the same time would force production in Canada sufficient to meet our own needs, and stimulate industries that are indirectly interested in this particular feature of our tariff.

Mr. DUNNING: In Canada last year we produced 34,000,000 pounds of baked beans, which are dealt with in this item. Our imports from the United States were 42,000 pounds. We exported to the United Kingdom last year 4,000,000 pounds. Our bean producers and packers are evidently able to deal with the situation pretty effectively.

Mr. BENNETT: The British preference gives them the market. They did not have it before.

Mr. ROWE (Dufferin): The minister has said that we exported about 4,000,000 pounds and we imported only 42,000 pounds.

Mr. DUNNING: Canned beans, yes.

Mr. ROWE (Dufferin): Why does the minister think that is a sound reciprocal agreement, to reduce the duty 33⅓ per cent, when we have plants at Collingwood, Leamington.

Aylmer and other points in this country, when we are already on an exportable basis, and yet still have to pay the same duty on 4,000,000 pounds to the United States?

Mr. DUNNING: No; the United Kingdom, principally.

Mr. ROWE (Dufferin): But I mean that in this agreement we still pay three cents a pound.

Mr. DUNNING: We do not export any to the United States.

Mr. BENNETT: Exactly; the tariff prohibits us.

Mr. ROWE (Dufferin): The more reason why, when we are exporting 4,000,000 pounds and importing 42,000 pounds, the industry should have the same advantages as has the industry in the United States.

Mr. DUNNING: Well, of course we do not agree. That is really the answer to that. I cannot make any other.

Mr. BENNETT: I think we shall agree on this. The reduction of this duty between us and the United States is either for the purpose of enabling the United States to send beans into this country, or just a fake proposal. And inasmuch as it does make the reduction in question, and the United States retain their duty of three cents a pound, while we have reduced ours 33⅓ per cent, it is difficult to understand that there is much reciprocity about that. The minister says that all this does is to give the intermediate tariff and bind it, which is true. But the effect upon our business either is at once to invite further imports into this country, thereby lessening the sale of our goods, or else has no value at all.

Mr DUNNING: I shall answer only the expression "fake proposal." This was in no sense a fake proposal; it was entirely incidental to the offer to the United States of the Canadian intermediate tariff.

Mr. BENNETT: That is not an accurate statement, if I may be pardoned for saying so, for this binds that item whereas all other intermediate items may be raised by this parliament. This may not.

Mr. DUNNING: That is right.

Mr. BENNETT: That is what I meant to say, and what I do say yet. Either it tends to increase the imports of beans into this country from the United States by reducing the tariff between us by 33⅓ per cent, leaving still a tariff of three cents a pound against us, or it has no value at all. I admit that the word "fake" is not a nice word to use; we will say "window-dressing" instead.

Sub-item (a) agreed to.

Customs tariff—89. Vegetables, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:

(b) Corn and tomatoes, per pound, 2 cents.

Mr. DUNNING: The same remarks apply to this.

Mr. ROWE (Dufferin): What are the duties?

Mr. DUNNING: On canned corn entering the United States the duty at present is thirty-five per cent ad valorem and it was thirty-five per cent ad valorem prior to 1930. On tomatoes the duty is fifty per cent ad valorem at the present time and it was fifteen per cent ad valorem prior to 1930.

Mr. TUSTIN: I should like to ask the minister how many cases or pounds of these articles were exported to the United States during 1935.

Mr. DUNNING: Our exports of canned tomatoes were chiefly to the United Kingdom; I have been trying to find the United States figures. Our exports of corn were 5,100,000 pounds in 1935, chiefly to the United Kingdom, and of tomatoes—pulp and puree is the item—8,240,000 pounds, also chiefly to the United Kingdom. Our exports to the United States were quite small, $2,500 worth of corn and $1,200 worth of tomatoes.

Mr. TUSTIN: What were the imports from the United States in 1935?

Mr. DUNNING: We imported 35,000 pounds of corn, valued at $2,500 and 7,400 pounds of tomatoes, valued at $1,200. Exports to and imports from the United States were both negligible in connection with those two items.

Mr. BENNETT: What were our total imports?

Mr. DUNNING: Our total imports of tomatoes were 872,000 pounds valued at $70,000, of which 850,000 pounds came from Italy.

Mr. BENNETT: There is just one question I should like to ask. Tomatoes, canned, are classified as pulp or puree. I take it that this is what is known in ordinary parlance as tomato juice, or is that covered by the ordinary n.o.p. item? When the minister read the word "puree," I took that to be

the term which has been used with respect to tomato juice, and I understood that tomato juice would carry the rate with which we are now dealing rather than the n.o.p. rate. I am rather curious to know under which item it comes.

Mr. DUNNING: I cannot answer that question positively at the moment, but I will get the answer. The term "puree" is used in the export returns for Canada, but it is not clear whether "puree" means juice.

Mr. STIRLING: The minister told the committee just now that Canada had made these cuts in duty in order to give the intermediate tariff to the United States. Can he point out any instance in these items in which Canada has received the fifty per cent cut in the United States tariff which the president was empowered to give?

Mr. DUNNING: On vegetables? No, I cannot.

Mr. SPENCE: A moment ago the minister said that there were certain imports of tomatoes from Italy. In what state do they come from Italy? Are they canned? I have never seen a can of Italian tomatoes in my life.

Mr. DUNNING: This comes in mostly in the form of tomato pulp and puree. We imported 850,000 pounds of it.

Mr. ROWE (Dufferin): That is included under the n.o.p. item?

Mr. DUNNING: No; under this item.

Sub-item (b) agreed to.

Customs tariff—89. Vegetables, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:
(c) Peas, per pound, 2 cents.

Mr. BENNETT: Could we have the same information with regard to this item?

Mr. DUNNING: In the United States the tariff is exactly the same, two cents per pound, and it was two cents prior to 1930.

Mr. GRAYDON: May I ask the minister what the general tariff was on these three items, beans, peas, corn and tomatoes, prior to the revision of 1930 or 1931, when I understand the duty was raised to the three cent mark.

Mr. DUNNING: Does my hon. friend mean under the tariff of May, 1930?

Mr. GRAYDON: I assume that would be it, though if my information is correct I think the year was 1931.

Mr. DUNNING: Under the tariff which came into effect in May, 1930, beans were free under the British preference, 1¼ cents under the intermediate and 1½ cents under the general tariff. Corn and tomatoes were free under the British preference, 1¼ cents under the intermediate, and two cents under the general tariff. Peas were one cent under the British preference, 1½ cents under the intermediate and two cents under the general. The n.o.p. item was free under the British preference, 27½ per cent ad valorem under the intermediate and thirty per cent ad valorem under the general tariff. No change was made in those items in September, 1930; in June, 1931, they were changed to the rates prevailing prior to this agreement coming into force. All three items were free under the British preference, two cents under the intermediate and three cents under the general tariff of that year. The n.o.p. item in that year remained the same, no change.

Mr. TUSTIN: May I ask the exports and imports of canned peas to and from the United States?

Mr. DUNNING: We imported from the United States $340 worth last year and we exported $330 worth. A pretty near thing that!

Sub-item (c) agreed to.

Item agreed to.

Customs tariff—89. Vegetables, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:
(d) N.o.p., 27½ per cent.

Mr. DUNNING: Binding the intermediate.

Sub-item (d) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:
(a) Apricots, 15 per cent.

Mr. DUNNING: Duty entering the United States, one-half cent a pound at the present time, and one-half cent a pound prior to 1930. Imports include two items, (a) and (i) together, that is apricots, quinces and nectarines grouped; 278,954 pounds from the United States valued at $13,179.

Mr. BENNETT: What is the increase for special duty at the present time?

Mr. DUNNING: Prior to January 1 the advance in invoice value was two cents. It can now go as high as 1⅜ cents a pound.

Sub-item (a) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:
(b) Cherries, 15 per cent.

Mr. SPENCE: One thing I object to taking any more of is cherries. In fact I am opposed to every cut that has been made in the whole list of fruits and vegetables. Away back in the twenties when my hon. friends were in power before, they put through a French treaty which hit cherries in this country badly. At one time we used to sell hundreds of thousands of baskets on the Toronto and Montreal markets to the canning and extract people. Since the French treaty became effective they were able to buy, from France and Italy, cherries in barrels, cured ready for use, which killed the cherry market in Canada, and scores, yes thousands of trees were pulled out between Toronto and Niagara Falls; they had to throw them away, and from then on the cherry market has never recovered. Now you are hitting them another punch and driving them into a hole. It is only five per cent, but why insist on all these changes so that no one in the business world knows what he is doing.

Mr. DUNNING: It may comfort my hon. friend to know—

Mr. SPENCE: There is always some excuse for everything, I never saw such a place.

Mr. DUNNING: I want to help my hon. friend if I can. There is a concession in the United States tariff with respect to cherries from two cents to one cent a pound. The Fordney-McCumber tariff was two cents.

Mr. SPENCE: We do not get much chance to ship many to the United States.

Mr. ROWE (Dufferin): I think the minister should be complimented upon this; it is the first item in the whole list on which we have had a fifty per cent reduction.

Mr. DUNNING: You are forgetting peas.

Mr. ROWE (Dufferin): No; they stayed at two cents.

Mr. DUNNING: No; fresh peas were reduced from two cents to one cent.

Mr. BENNETT: For a limited period of time.

Mr. STIRLING: What are the exports of cherries?

Mr. DUNNING: They are not separately recorded.

Mr. BENNETT: What are the imports?

[Mr. Dunning.]

Mr. DUNNING: Total cherries, n.o.p.., is given here: 50,000 pounds exports from Canada, practically all to the United States.

Mr. STIRLING: Does this mean that the government expects that we shall greatly increase our shipments of cherries?

Mr. DUNNING: With the variety of opinion among fruit growers I prefer not to express an opinion.

Mr. SPENCE: What is the amount of cherries, cured, coming from Italy and France at the present time.

Mr. DUNNING: I will get it in a moment, though of course cured cherries is a different item.

Mr. SPENCE: The extract people are buying them now instead of buying our own. The importation may have dropped off recently, but it was very heavy at one time.

Mr. DUNNING: Cherries in brine from Italy last year: 182,000 gallons, valued at $133,000.

Mr. HEAPS: They are on the sanction list now, are they not?

Mr. DUNNING: They are not coming now.

Mr. SPENCE: Could the minister give the amount from France?

Mr. DUNNING: If the committee will wait a minute, or if my hon. friend is the only member interested perhaps he could get the information from me privately later. The hon. member need not worry about France; we imported 165 gallons last year.

Sub-item (b) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:
(c) Cranberries, 15 per cent.
Provided that the duty under any tariff less favourable than the British preferential tariff shall at no time be less than two cents per pound, the weight of the packages to be included in the weight for duty.

Mr. SPENCE: Mr. Chairman—

Mr. BENNETT: What is our position in respect to this?

Mr. DUNNING: One and a quarter cents per pound—when the hon. member for Parkdale and the leader of the opposition settle between themselves who is asking the questions.

Mr. BENNETT: Why should the minister make that observation? I was not asking anything. The hon. member for Parkdale rose and the chairman noticed him and said, "The

hon. member for Parkdale," and he sat down. The hon. member for Parkdale has just as good a right to ask questions as has anyone else. I said to him, "He is recognizing you." Do not drag me into the matter unnecessarily.

Mr. DUNNING: Well, my right hon. friend will permit me to say that I shall have to insist that he speak loudly enough at all times for me to know whether or not he is asking a question. I had no intention of being discourteous, but when two people are trying to speak at the same time and I make a jocular reference, immediately my right hon. friend thinks I am insulting him.

Mr. BENNETT: I did not suggest that I had been insulted; I have no intention of doing so.

Mr. SPENCE: I do not see our maritime righters rising to defend themselves. Both Nova Scotia and New Brunswick are developing big cranberry swamps and are competing very strongly with Cape Cod in the United States. Why are they not complaining about new industries in that country, where there is no seasonal tariff.

The CHAIRMAN: Order.

Mr. SPENCE: Go on; both sides say something; I want to hear the maritimes say something.

Mr. BENNETT: What is the rate of duty on cranberries entering the United States under the present tariff?

Mr. DUNNING: One and a quarter cents per pound.

Mr. BENNETT: And under the Fordney-McCumber tariff?

Mr. DUNNING: One and a quarter cents per pound; no change.

Mr. BENNETT: What imports were there from the United States or from other countries last year?

Mr. DUNNING: There were 1,659,000 pounds, valued at $155,000.

Mr. BENNETT: And we have reduced the duty and are bound for the life of the agreement?

Mr. DUNNING: The duty is not to be less than two cents per pound.

Mr. BENNETT: I was going to ask whether that proviso applied only to cranberries, or does it apply to the three fruits? I was not quite sure.

Mr. DUNNING: The specific applies to cranberries only.

Sub-item (c) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

(d) Peaches, 15 per cent.

Mr. DUNNING: The United States tariff is one-half cent per pound at present, and was one-half cent per pound prior to 1930.

Mr. BENNETT: What is the present rate?

Mr. STEWART: What about imports of peaches from the United States?

Mr. DUNNING: Imports from the United States amounted to 4,821,000 pounds valued at $149,000.

Mr. BENNETT: And we have reduced the duty by twenty-five per cent; that is the story, as I take it. There is no question about the two cents there.

Mr. DUNNING: The advance on the invoiced value of peaches was one and three-quarter cents per pound; the limit to which it can go now is one and two-fifth cents per pound.

Mr. BENNETT: Is that in force to-day?

Mr. LOCKHART: How far back has the minister records of imports of peaches from the United States?

Mr. DUNNING: For five years.

Mr. LOCKHART: May I have the imports of peaches for 1931, and succeeding years?

Mr. DUNNING: Imports of peaches from the United States in 1931 amounted to 11,836,000 pounds; in 1932 they were 10,335,000 pounds; in 1933 they were 3,613,000 pounds; in 1934 they were 2,568,000 pounds, and the figure for 1935, which I gave a few moments ago, was 4,821,000 pounds.

Mr. HEAPS: Could the minister give the production of peaches in Canada in the same period?

Mr. DUNNING: I am afraid I cannot. We cannot bring the whole department here. However, I believe I can give the production for last year. The estimated production in Canada for 1935 was 715,000 bushels.

Mr. STIRLING: I believe there are fifty pounds to the bushel.

Mr. LOCKHART: Were any peaches exported to the United States in those same years?

Mr. DUNNING: There is no separate record of them.

Mr. LOCKHART: I am quite sure there were not.

Mr. DUNNING: It is in the item of $150,000, but it is not recorded separately.

Mr. STEWART: Would the Minister of National Revenue be good enough to table to-morrow a copy of any ministerial orders or directions which may have been given since this government took office, with respect to valuations for duty purposes?

Mr. ILSLEY: If I furnished them to my right hon. friend would that not be just as good? There is however no objection to tabling them.

Mr. BENNETT: I think the rules require that when a minister reads a document it should be tabled.

Mr. ILSLEY: I shall see that the hon. member gets them in one way or another.

Sub-item (d) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:
(e) Pears, 15 per cent.

Mr. DUNNING: The United States duty is one-half cent per pound now and was one-half cent per pound prior to 1930.

Mr. STEWART: Were there importations of pears from the United States?

Mr. DUNNING: Importations of pears from the United States in 1935 amounted to 13,432,000 pounds, valued at $412,000.

Mr. BENNETT: And I suppose the exports were nil?

Mr. DUNNING: They are not separately reported, but would be part of the large item of $150,000.

Mr. BENNETT: What is the spread in the special duty rate?

Mr. DUNNING: One and a quarter cents prior—

Mr. BENNETT: No, no; the special duty, not the tariff.

Mr. DUNNING: It was one and a quarter cents prior to the coming into force of the agreement, and the maximum now will be one cent.

Sub-item (e) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:
(f) Plums or prunes, 15 per cent.

Mr. DUNNING: The duty entering the United States is one-half cent to-day and was one-half cent prior to 1930. Imports of plums or prunes from the United States in 1935 amounted to 4,783,000 pounds, valued at $156,000.

Mr. BENNETT: What was the special duty valuation?

[Mr. Dunning.]

Mr. DUNNING: The same as in the previous item. One and a quarter cents could be added to the invoiced value prior to the coming into force of the agreement; now one cent is the maximum.

Mr. TUSTIN: Has the minister separate information as to what was exported to the United States?

Mr. DUNNING: I have no separate record.

Sub-item (f) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:
(g) Strawberries, 15 per cent.

Mr. DUNNING: The United States duty was a cent and a quarter per pound, but a concession of three-quarters of a cent per pound on Canadian strawberries entering the United States is effected by the agreement. The rate was 1¼ cents per pound under both the recent American tariffs, but it is reduced, as against Canadian strawberries, to three-quarters of one cent.

Mr. BENNETT: What were our exports last year?

Mr. DUNNING: We exported 180,000 pounds, valued at $20,000, all to the United States.

Mr. STIRLING: And what were the imports?

Mr. DUNNING: Strawberries, raspberries, loganberries and edible berries, n.o.p. are all lumped together in the import statistics, and the total amount from the United States was 6,042,000 pounds, valued at $422,000; that is, of all these berries. With respect to the valuation, two cents was effective prior to the agreement; it will now be a maximum of one and three-fifth cents.

Mr. TAYLOR (Nanaimo): Can the minister tell me what protection will be given dried loganberries? The agreement now entered into appears to affect the price at which loganberries are valued for duty purposes.

Mr. BENNETT: All these items deal with fresh fruits.

Mr. TAYLOR (Nanaimo): But I am pointing out that the agreement affects the price for duty purposes of all fruits.

Mr. DUNNING: Dried loganberries are not in this schedule to the agreement and hence are not really properly before the committee, but I can give the information. The present tariff on dried fruits, including the article to which my hon. friend refers, is free under the British preference, 22½ per cent under the in-

termediate and twenty-five per cent under the general; therefore the duty from the United States will be 22½ per cent under the agreement.

Mr. TAYLOR (Nanaimo): But is there not a price fixed for duty purposes?

Mr. DUNNING: No.

Mr. TAYLOR (Nanaimo): So I am informed.

Mr. DUNNING: It was cancelled.

Mr. TAYLOR (Nanaimo): I have an extensively endorsed resolution passed by the Saanich Fruit Growers' Association, who want to protect a dehydrating plant established on Vancouver island. Can I have an assurance that it will be assisted?

Mr. DUNNING: I am afraid I cannot give that assurance.

Mr. TAYLOR (Nanaimo): I should like to submit the resolution to the minister.

Mr. DUNNING: With pleasure.

Sub-item (g) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:
(h) Berries, edible, n.o.p., 15 per cent.

Mr. DUNNING: The United States duty is 1¼ cents, and previously it was 1¼ cents; that is prior to 1930. There is no change.

Mr. BENNETT: Is that the same for raspberries and loganberries?

Mr. DUNNING: Yes.

Mr. KINLEY: Blueberries are marked thirty-five per cent ad valorem, former rate, and twenty-five per cent new rate; that is blueberries prepared or preserved or frozen but not in brine, and not dried, desiccated or evaporated. Does that include fresh blueberries going to the United States?

Mr. DUNNING: Fresh blueberries are in the n.o.p. berry item now before the committee.

Mr. KINLEY: I am referring to item 736.

Mr. DUNNING: Is the hon. gentleman referring to blueberries entering the United States?

Mr. KINLEY: Yes.

Mr. DUNNING: In schedule II of the agreement, blueberries prepared or preserved or frozen but not in brine, and not dried, desiccated or evaporated, and not specially provided for, will be twenty-five per cent entering the United States; but that does not include fresh blueberries.

Mr. KINLEY: I cannot find fresh blueberries.

Mr. BENNETT: Fresh blueberries are covered by (h): Berries, edible, n.o.p.

Mr. DUNNING: That is, coming this way; but the hon. gentleman is interested in berries going the other way.

Mr. BENNETT: That is covered by the basket item.

Mr. DUNNING: It is 1¼ cents per pound entering the United States.

Mr. KINLEY: What are the exports?

Mr. DUNNING: Last year there were 3,670,000 pounds, valued at $205,000.

Mr. BENNETT: There is no change in the duty entering the United States?

Mr. DUNNING: No.

Mr. BENNETT: The hon. member for Queens-Lunenburg seems to be under a misapprehension. There is no change in this agreement in the existing rates on blueberries, fresh, entering the United States.

Mr. DUNNING: I said so.

Sub-item (h) agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:
(i) Quinces and nectarines, 15 per cent.
Provided that in respect of the goods dutiable under tariff item 92, no value for duty shall be established under the authority of section 43 of the Customs Act except in the case of the sub-items indicated thus (*); and in no case shall any value so established exceed the invoice value by more than 80 per centum of the lowest advance imposed on like goods under the authority of said section during the calendar years 1933 to 1935, inclusive.

Mr. STIRLING: Can the minister give the figures?

Mr. DUNNING: With reference to the United States, the duty is thirty-five per cent ad valorem at present, and it was thirty-five per cent ad valorem prior to 1930.

Sub-item (i) agreed to.

Item agreed to.

Customs tariff—93. Apples, fresh, in their natural state, 15 per cent.
Provided that in no case shall any value for duty established under the authority of section 43 of the Customs Act exceed the invoice value by more than 80 per centum of the lowest advance imposed on such goods under the authority of said section during the calendar years 1933 to 1935, inclusive.

Mr. DUNNING: Entering the United States, the rate prior to the treaty was twenty-five cents per bushel of fifty pounds. By this treaty that rate is reduced to fifteen cents per bushel of fifty pounds. Twenty-five cents was also the United States duty

under the Fordney-McCumber tariff. Added in this value under the former arrangement was a one cent maximum addition. Entering Canada under the treaty it will be four-fifths of one cent per pound.

Mr. HEAPS: What quantity of apples do we import free under the British preference?

Mr. DUNNING: Our total imports last year from all countries were 22,137 barrels, of which 15,589 barrels came from New Zealand. That I think is the closest I can come without a considerable calculation, so far as quantities from British countries are concerned.

Mr. HEAPS: Those coming in from New Zealand would be exempt from duty?

Mr. DUNNING: Free of duty.

Mr. ROWE (Dufferin): What were our total exports?

Mr. DUNNING: Exports to all countries were 2,060,000 barrels, valued at $8,220,000. The United Kingdom was our principal customer, taking 1,807,000 barrels. To Belgium we shipped 77,000 barrels; to Egypt, 33,500 barrels; to The Netherlands, 33,000; to Germany, 26,000 barrels; to Newfoundland, 18,000 barrels; to France, 17,000 barrels; to New Zealand, 7,000 barrels. We imported 15,000 barrels from New Zealand and exported 7,000 barrels.

Mr. BENNETT: That is a seasonal demand?

Mr. DUNNING: We exported to South Africa 7,000 barrels; to the Argentine, 5,500 barrels; to Sweden, 4,700 barrels, and to the United States, 4,500 barrels.

Mr. TAYLOR (Nanaimo): The minister made no mention of India.

Mr. DUNNING: I have no record of any exports to India.

Mr. TAYLOR (Nanaimo): There is a considerable consumption of apples in India and the Americans are taking all the business.

Mr. BENNETT: Proximity has something to do with that.

Mr. STEWART: Could the minister give the imports from the United States?

Mr. DUNNING: That again is a seasonal matter. We imported 6,548 barrels, mostly from the United States, and exported 4,500 barrels. In connection with India, I would say to my hon. friend that we have no preference in that country.

[Mr. Dunning.]

Mr. TAYLOR (Nanaimo): I think a little work on the part of the minister in charge of that particular department would ensure the consumption of Canadian apples. I have a little information which I should be glad to disclose to the minister.

Item agreed to.

Customs tariff—94. Grapes, fresh, in their natural state, the weight of the packages to be included in the weight for duty, 1½ cents per pound.

Provided that in no case shall any value for duty established under the authority of section 43 of the Customs Act exceed the invoice value by more than 80 per centum of the lowest advance imposed on such goods under the authority of said section during the calendar years 1933 to 1935, inclusive.

Mr. DUNNING: The United States duty at the present time is twenty-five cents per cubic foot, and it was twenty-five cents per cubic foot prior to 1930. Canadian imports were 18,400,000 pounds from the United States, valued at $738,000; 114,000 pounds from Spain and 55,000 pounds from the United Kingdom. There are no separate statistics available for exports. The estimated Canadian production for 1935 was 39,350,000 pounds.

Mr. LOCKHART: May I have the imports of grapes from the United States for the same five years as in the case of peaches?

Mr. DUNNING: In 1929 we imported 32,366,000 pounds; in 1932, 17,636,000 pounds; in 1933, 16,959,000 pounds; in 1934, 15,636,000 pounds, and in 1935, 18,400,000 pounds.

Mr. LOCKHART: Has the minister the exports to the United States for the same five years?

Mr. DUNNING: There are no separate statistics available for the export of grapes.

Mr. STEWART: Did the minister give the estimated Canadian production?

Mr. DUNNING: Last year it was 39,350,000 pounds.

Mr. BENNETT: Has the minister the figures for the preceding years?

Mr. DUNNING: The preceding year the production was 46,800,000 pounds.

Mr. BENNETT: And for 1931?

Mr. DUNNING: I have not those figures.

Mr. BENNETT: What is the present added value for duty purposes?

Mr. DUNNING: Prior to the agreement the advance on invoice value was one cent and the maximum can now be four-fifths of one cent. It was never applied in 1935.

Mr. BENNETT: The general tariff, however, provided that it shall not be less than three-fifths of a cent per pound, so there has been no reduction.

Mr. DUNNING: The general tariff was a specific duty.

Mr. BENNETT: The general tariff for grapes is two cents; intermediate, 1½ cents and British preferential, free. I was referring to apples.

Item agreed to.

Customs tariff—95. Cantaloupes and muskmelons, 15 per cent.
Provided that in no case shall any value for duty established under the authority of section 43 of the Customs Act exceed the invoice value by more than 80 per centum of the lowest advance imposed on such goods under the authority of said section during the calendar years 1933 to 1935, inclusive.

Mr. DUNNING: Thirty-five per cent ad valorem entering the United States to-day, and thirty-five per cent ad valorem prior to 1930.

Mr. ROWE (Dufferin): No reduction?

Mr. DUNNING: No change in the United States duty.

Mr. SPENCE: Will there be any seasonal protection for our own growers?

Mr. DUNNING: There is a provision in the item that the value for duty shall not exceed the invoice value by more than eighty per cent of the lowest advance imposed on such goods.

Mr. SPENCE: Does that really mean anything. What are you going to do about it?

Mr. DUNNING: The fixed advance on the invoice value prior to the treaty was four cents maximum; the advance possible under the agreement is three and one-fifth cents per pound.

Mr. TUSTIN: What were the imports last year.

Mr. DUNNING: The imports were 6,763,000 pounds, valued at $163,000.

Mr. TUSTIN: What were the exports to the United States?

Mr. DUNNING: They are not recorded separately. There is no change in the United States duty prior to 1930 and at the present time; the duty is thirty-five per cent ad valorem.

Item agreed to.

Customs tariff—95a. Melons, n.o.p., 2½ cents each.

Mr. DUNNING: Entering the United States, thirty-five per cent ad valorem at the present time, and it was thirty-five per cent prior to 1930. Imports from the United States were 955,000 melons, valued at $139,000. In giving these figures I am leaving off the odd numbers and I hope no hon. member will want to hold me to strict accuracy in this regard.

Mr. SPENCE: Does that include watermelons and muskmelons?

Mr. DUNNING: No; muskmelons would be included under the previous item. This item covers all other melons.

Item agreed to.

Customs tariff—96. Fruits, fresh, in their natural state, n.o.p., 15 per cent.

Mr. DUNNING: The corresponding item in the United States is thirty-five per cent ad valorem at the present time, and it was thirty-five per cent prior to 1930. Total imports last year from the United States were valued at $7,631. The effect of this item is to bind the intermediate tariff.

Mr. BENNETT: By a reduction of twenty-five per cent on the general.

Mr. DUNNING: By a reduction from 20 per cent to 15 per cent.

Mr. ROWE (Dufferin): The American tariff remains the same?

Mr. DUNNING: Yes.

Item agreed to.

Customs tariff—ex 96. Avocados or alligator pears, free.

Mr. DUNNING: An extra item.

Mr. SPENCE: I do not know why you need them at all. There is no real demand for alligator pears in this country, and I do not know why there is any necessity to cut the duty off them.

Mr. BENNETT: It is a luxury used as salad. What is the United States duty?

Mr. DUNNING: Fifteen cents a pound. It was formerly thirty-five cents ad valorem.

Mr. ROSS (Moose Jaw): We do not grow them!

Item agreed to.

Customs tariff—100a. Grapefruit, n.o.p., per pound, ½ cent.

Mr. MacNICOL: I should like to ask the amount of grapefruit imported from empire countries in 1935 and the amount imported from the United States, and I should like to ask the same two questions with reference to item 101, if I may take the two together.

Mr. DUNNING: I do not want to get mixed up by taking both. Imports from the United States of grapefruit, 29,000,000 pounds, valued at $777,000, in 1935. From Honduras, which would be British Honduras, I presume, 1,460,000 pounds, valued at $31,000. That is an error. The Honduras I just mentioned is not British Honduras.

Mr. SPENCE: Spanish Honduras?

Mr. BENNETT: No; it is an independent state.

Mr. DUNNING: Jamaica, 1,173,000 pounds at $25,000. British Honduras, 815,000 pounds at $20,000. That is the total of the imports.

Mr. BENNETT: Did not some come from Palestine? I had some myself.

Mr. DUNNING: Too small to be shown.

Mr. HEAPS: I understand that grapefruit coming in under the British preference was free of duty. Is there any reason why there should be a duty of half a cent a pound on grapefruit coming in from the United States? Could it not be put in the same category as the subsequent item, oranges?

Mr. DUNNING: We are precluded entirely from considering that, because of the agreement to maintain the British preference.

Mr. ROWE (Dufferin): It is reduced fifty per cent now, is it not?

Item agreed to.

Customs tariff—ex 101. Oranges, during the months of January, February, March and April, free.

Mr. DUNNING: The figures of imports are given in cubic feet.

An hon. MEMBER: Let us figure it down to boxes.

Mr. DUNNING: That is in accordance with the tariff item, cubic feet of measurement. From the United States in 1935, 3,744,000 cubic feet, valued at $4,900,000; from Japan, 228,000 cubic feet, $488,000; from South Africa, 222,000 cubic feet, $273,000; from Spain, 129,000 cubic feet, $98,000; from Jamaica, 90,700 cubic feet, $65,000; from Palestine, 82,000 cubic feet, $81,000.

Mr. MacNICOL: Nothing from Australia?

Mr. DUNNING: There were 14,000 cubic feet from Australia.

Mr. MacNICOL: I supposed there were some from Australia, because I have a friend who sells fruit at his store, and I heard him say that the oranges came from Australia. I should like to make an observation or two with reference to those items. As I understand the situation, importations from empire countries in connection with the two items I have mentioned, are larger as a result of our empire agreements. I heard the minister say that we are importing from such empire countries as South Africa, Australia, Jamaica, and Palestine.

Mr. DUNNING: Palestine is not an empire country.

Mr. MacNICOL: It would strike me that the result of these duties on these items will be to reduce importations from empire countries and transfer that trade to United States shippers. That opinion is borne out in a couple of editorials I have before me which I should like to read, contained in a book called Reciprocal Trade, just published and sent out from New York, covering the whole forty-eight states as regards the benefits they expect to obtain from these trade agreements. In an editorial, the Enterprise, published at Riverside, California, says this:

California is vitally concerned in the proposal for a reciprocal trade agreement, for the movement of fruits from this state into Canada has been hampered by the tariffs erected by Canada in connection with the Buy Empire movement . . .

I particularly wish to stress that part of this article, the Buy Empire movement.

The California viewpoint will be on the side of elimination of as many tariffs as possible, for this state has little to lose and much to gain.

Another article, from the Bulletin, of Walla Walla, Washington, states:

Fruit and vegetable growers of this valley and adjoining early crops districts see considerable hope in provisions of the treaty between this country and Canada.... It will possibly require time for Canadian business to reestablish connections on this side of the line to the profit of all concerned. There is no belittling the fact that several years of nationalistic propaganda, "Buy British Empire products," has had its effect north of the boundary.

Another editorial—

Mr. DUNNING: I hope my hon. friend will stick to oranges. There was not much about oranges in the last quotation.

Mr. MacNICOL: This may be regarded as referring to items that went before the item under discussion. What I am trying to point out is that a number of these items are going to interfere, in my opinion, with empire trade. Let us stick to the orange item. I for one would much sooner trade with empire countries than with other countries.

Mr. ROSS (Moose Jaw): If the remarks of the hon. member for Davenport (Mr. MacNicol) with regard to oranges entering this country from California were correct, I should think that when the trade agreement was made the whole year would have been covered, in all probability, by the free entry provision, instead of the four months specified in the agreement. As I understand the matter, the restriction to four months is for the purpose of keeping out competition from the United States with empire countries. The large crop of oranges in the United States is of the navel orange. The small crop of oranges in the United States is of the Valencia orange. These months of January, February, March and April are the months of the production of navel oranges in Florida and other states, including, to some extent, California. They would not compete, probably, with empire oranges; therefore those oranges come in at that time. But the Valencia orange, which is the same orange that is grown in Australia, in British Honduras and in Jamaica, comes in during the other months of the year, so I think it will be found that the agreement is made in this way in order to avoid competition as between United States and empire oranges. Personally I can see no reason why the people of Canada should be made to pay more for oranges, in any case. When my hon. friend speaks of Washington, of course no oranges come from that part of the country. I do know that no one produces oranges in Canada, and I see no reason why we should have any tariff against them at any time.

Mr. HEAPS: One of the countries from which we expected to receive very large shipments of oranges was Australia, but according to the statement of the minister it would appear that Australia has not been in a position to ship any large quantity of oranges to Canada; I think he said that only 14,000 cubic feet of oranges came from that country. Therefore I take it that Australia is not in a position to supply us with any large share of the vast quantity of oranges we consume in this country. During the same year the United States supplied us with over 3,000,000 cubic feet of oranges, while the quantity we received from empire countries was rather small and limited. Personally I am glad to see this item in the agreement; it gives the United States quite a large concession, and I hope we receive equal concessions from them in connection with other items. I should like the minister to tell the committee if he has any information as to how many oranges were imported from the United States during the four similar months of last year. The minister gave us the annual shipments.

Mr. DUNNING: During the four months which are of interest because of the nature of this item, from January to April, 1935, inclusive, imports from the United States totalled 1,410,000 cubic feet.

Mr. HEAPS: As against a total of what?

Mr. DUNNING: As against a total of 3,744,000 cubic feet for the fiscal year.

Mr. BENNETT: Is there any conflict between this agreement and the West India agreement? The question has been asked as to why we should buy empire oranges. It will be remembered that under an agreement negotiated with the West Indies by a former Liberal administration it was provided that there should be a preference of one cent under the general tariff on grapefruit, and I think there was also a preference with respect to oranges though I have been unable to find it.

Mr. DUNNING: No.

Mr. BENNETT: None at all?

Mr. DUNNING: No.

Mr. BENNETT: Then the effect of this arrangement would be to subject Jamaica oranges to competition they previously did not have to meet.

Mr. DUNNING: Yes. Of course there is a greatly diminished supply from the West Indies principally because of the disastrous effects of hurricanes and also because of the premium nature of the United Kingdom market for Jamaica oranges, which resulted in a very large diversion of the Jamaica crop to that country. This is perhaps of doubtful importance, but I should mention it: The introduction into the Canadian market of Palestine oranges under free entry granted by the legislation of 1933 might have had an effect, because importations from Palestine have steadily increased since that time, amounting to 82,000 cubic feet in 1935.

Mr. HEAPS: There is quite a difference between the oranges we get from the different parts of the empire. Jamaica oranges do not compete with Palestine oranges any more than they do with California oranges. All these oranges are of different grades, and people who like a good orange of the navel type probably would not care for the other types of oranges sometimes put on the market coming from other parts of the world.

Mr. DUNNING: That is true.

Mr. HEAPS: Consequently, while they may come in at the same time of the year they are not necessarily in competition with each other, because they are completely different in character and quality.

Mr. REID: I should like to direct a question to the Minister of National Revenue in connection with this item. Do Japanese oranges come in under the name of tangerines while other oranges come in at the same time under the designation of oranges? I understand that Japanese oranges evade the duty because they are called tangerines.

Mr. ILSLEY: They come in almost entirely as mandarins and tangerines.

Mr. REID: Is that a ruling of the department, that they are designated as tangerines?

Mr. ILSLEY: No; it is entirely a question of fact.

Mr. BENNETT: Was not a special arrangement made in connection with importations last season? I think they come in about December, and I understand they come in free under the Japanese treaty.

Mr. MacINNIS: My information is that a small orange coming from California is called the tangerine and that Japanese oranges come in as such.

Mr. DUNNING: There is only one tariff item, in any case.

Mr. STEWART: I think I should make a statement to the committee about oranges. In speaking on the resolution I used a figure which I took from what I believed was a reliable source, a financial paper which I think is quite friendly to the government or has been so in the past. I stated that the value of our imports of oranges, as taken from that periodical, was something in the neighbourhood of $21,000,000 a year. In his reply the Prime Minister very properly pointed out that these figures were greatly exaggerated. Ever since that time I have been busy counting the oranges, the lemons and the grapefruit in an attempt to find out just where I made the mistake. I think perhaps if I have a little time I shall be able to build up a figure not very different from the one I quoted, but it may not be composed entirely of oranges. I should have included oranges, lemons, grapefruit and all the other fruits necessary to make up the total of $21,000,000.

Mr. DUNNING: We will allow you a few vegetables if you need them.

[Mr. Heaps.]

Mr. SPENCE: I should like to make just one comment. The minister will find that importations for the four months of this year will not exceed those for the four months of last year although the duty on oranges has been cut down. Cutting down the duty simply stopped the sale of oranges, and in the last three months we have not done the business in oranges that we did last year.

Item agreed to.

Customs tariff—101a. Lemons, free.

Mr. BENNETT: How does that affect empire shipments of lemons? I think last year we did get some from the antipodes.

Mr. DUNNING: The shipments were very small. We imported 200,000 boxes from the United States, valued at $680,000; from Italy we imported 172,000 boxes, valued at $418,000 and 3,100 boxes from the United Kingdom, valued at $11,000. Of course they obviously were not produced there; they may have come from almost any country.

Mr. BENNETT: Transshipped?

Mr. DUNNING: Transshipped.

Mr. BENNETT: This is only to bind the item, I take it.

Mr. DUNNING: Just to bind the item. This is important in reply to my hon. friend: 2,800 boxes from Australia.

Item agreed to.

Customs tariff—ex 105b. Olives, ripe, in brine, not bottled, 10 per cent.

Mr. BENNETT: Any change in that?

Mr. DUNNING: Reduction in rates.

Mr. HEAPS: I see this item has been put on the same basis as those coming from empire countries.

Mr. DUNNING: They are not separately recorded in the import statistics, but would form part of the item classified as olives, in brine, not bottled, of which 244,000 gallons came from Spain, valued at $173,000; from Greece, 29,700 gallons, valued at $15,500; and from the United States, 22,800 gallons, valued at $25,800.

Mr. BENNETT: Spain will also get the new rate, I take it?

Mr. DUNNING: Yes.

Mr. STEWART: That makes the British preferential rate and the rate under this agreement the same.

Mr. DUNNING: Yes.

Mr. STEWART: The United States is put on the same basis as the British preferential, including Australia?

Mr. DUNNING: They are not a factor in the trade at all.

Mr. HEAPS: Does it conflict with the empire trade agreements?

Mr. DUNNING: No, positively not.

Item agreed to.

Customs tariff—106. Fruits, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:
(a) Apricots, peaches and pears, per pound, 4 cents.

Mr. BENNETT: This item reduces the duty on canned fruits by twenty per cent. The most serious competition that Canadians have had to meet with respect to one of these items has been the competition from California; I think that is generally known. The West Indies production of pineapples marketed in this country, and the Singapore production, will also be affected. I cannot speak about the n.o.p., but the effect is merely to reduce the duty from the United States by twenty per cent and to bind the item at four cents, which is the present intermediate tariff. What I desired to know in the light of those facts was: What is the duty against our shipping canned fruits into the United States? We have already dealt with raw fruits.

Mr. DUNNING: On apricots, peaches and pears, thirty-five per cent. It was thirty-five per cent prior to 1930. That is an ad valorem tariff purely.

Mr. BENNETT: And there is no change?

Mr. DUNNING: No change.

Mr. HEAPS: I think this duty is somewhat unfair in its incidence; that is, the cheaper fruits, or fruits that might be lower priced, will be paying the same ad valorem duty as those of high price. Canned goods valued at twenty cents a pound will pay four cents duty, and the same article worth seven cents a pound will still pay four cents duty, that is four cents on seven cents worth as against four cents on twenty cents worth. The cheaper canned fruits, which are largely consumed, will have to pay a much higher rate of duty under this item. I think it would be much wiser if this duty were on a percentage basis. I would like to know why it should be as it is at present rather than on a percentage basis.

Mr. DUNNING: There is no change in the item. It has been administered in this way for a long time. I need not tell my hon. friend that it is very much easier to administer in this form in connection with this class of commodity. The question of value for duty of different grades of canned fruits is not an easy one. I think it had better remain in the present form, although there is a great deal in the argument of my hon. friend, which of course applies to specific duties wherever used.

Mr. HEAPS: This appears to be a specially bad one. A can will weigh about a pound on an average, possibly more. The value of the goods might be six or seven cents wholesale. I believe the duty on the lower priced fruits on this basis may be as high as 100 per cent. It may be true, as the minister has pointed out, that it has been in this form for a long time, but that does not excuse continuing something which is admittedly wrong. I know this agreement is now in effect; it is the law of the land practically; the goods are coming in on this basis at the present time, but I hope that when the opportunity arises the house itself will see that the unfairness of a tax of this character is removed and it is put on a more equitable basis.

Mr. POULIOT: The hon. member for North Winnipeg (Mr. Heaps) attaches much importance to the weight of the can.

Mr. HEAPS: No, the fruit.

Mr. POULIOT: Oh, I thought he was about to ask if the weight of the can was any consideration, or if the value of the can was to be included in the valuation of the canned article. The syrup or the sweet water that is with the canned fruit weights more than the can. I wonder if the minister could tell the committee what is the weight of twenty-four empty cans as compared with the weight of the syrup contained in those cans.

Mr. DUNNING: I am afraid that question is beyond me.

Mr. POULIOT: Well, it is the same kind of question.

Mr. TUSTIN: What were the imports of this item during the past year?

Mr. DUNNING: Peaches and apricots together, from Australia, 2,275,000 pounds, valued at $143,000. They came in at the one cent duty under the British agreement, of course, which constitutes another reason why it would be impossible at this time to apply an ad valorem basis of valuation, because

the preference is based upon the specific duty. From the United States, 171,300 pounds of peaches and apricots, valued at $11,370, and from the United Kingdom, 29,360 pounds, valued at $2,476.

Mr. BENNETT: That is domestic production too.

Mr. DUNNING: In England?

Mr. BENNETT: Yes, strange as it may sound.

Mr. DUNNING: In my part of the country there are some extremely fine peaches, but I did not think they exported them; they are too good.

Mr. BENNETT: I have seen some.

Mr. POULIOT: Is there any split hair in canned fruit?

Mr. HEAPS: There is in this house.

Mr. TUSTIN: Were there any exports from this country last year?

Mr. DUNNING: Exports of canned pears amounted to 10,650,000 pounds, valued at $675,000, and went chiefly to the United Kingdom. Exports of canned apples amounted to 7,471,000 pounds, valued at $330,000, and went chiefly to the United Kingdom. Other canned fruits amounting to 6,753,000 pounds, valued at $445,000, were shipped chiefly to the United Kingdom.

Sub-item (a) agreed to.

Customs tariff—106. Fruits, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:
(b) Pineapples, per pound, 4 cents;
(c) N.o.p.. per pound, 4 cents.

Sub-items (b) and (c) agreed to.

Customs tariff—ex 109. Nuts of all kinds, n.o.p., but not including shelled peanuts, n.o.p., one cent per pound.

Mr. POULIOT: We are now discussing not the cans but the shells.

Mr. BENNETT: We do not produce any nuts, I take it.

Item agreed to.

Customs tariff—ex 114. Nuts, shelled, n.o.p., but not including shelled almonds, peanuts or walnuts, 2 cents per pound.

Mr. MacNICOL: Did we carry sub-items (b) and (c) of item 106?

Mr. DUNNING: Yes; the item was carried as a whole.

Mr. POULIOT: Would item ex. 114 include salted peanuts?

[Mr. Dunning.]

Mr. BENNETT: In both these cases we reduced beyond the intermediate tariffs?

Mr. DUNNING: Yes.

Mr. POULIOT: Even for salted peanuts.

Mr. STEWART: In this instance I notice a striking reduction. Item ex. 114 refers to "nuts, shelled, n.o.p., but not including shelled almonds, peanuts or walnuts, per pound, two cents," and the British preferential rate is three cents. Under the tariff which existed before the agreement the general rate was four cents, and the intermediate rate, three and one-third cents. In this instance we take it far below the intermediate and the British preferential. What is the reason?

Mr. DUNNING: The new rate automatically goes to Great Britain.

Mr. HEAPS: How many nuts were imported from British countries and from the United States in the past fiscal year?

Mr. DUNNING: There is no record of any importations from British countries.

Mr. BENNETT: But there were some.

Mr. DUNNING: We must remember that the item includes shelled nuts, with the exception of shelled almonds, peanuts and walnuts. The imports of all other shelled nuts from the United States amounted to 634,000 pounds, valued at $195,000; from Brazil they were 441,000 pounds, valued at $85,000, from Spain there were 353,000 pounds, valued at $53,000 and from Mexico 126,000 pounds, valued at $32,000.

Item agreed to.

Customs tariff—116. Halibut, fresh, pickled or salted, one cent per pound.

Mr. HANSON: That is the same duty as obtained before, is it not?

Mr. DUNNING: No; it is a reduction.

Mr. HANSON: There was one cent on American halibut coming into Canada before, and two cents on Canadian halibut going into the United States. May I say that the greatest part of our halibut is shipped from the Pacific coast, and Canadian fishermen were operating under a handicap of two cents per pound, as compared with American fishermen. Since the agreement came into effect, Canadian fishermen have had the benefit of a rate of one cent per pound, and this means between $60,000 and $70,000 a year to them. Their catch is between 6,000,000 and 7,000,000 pounds. May I congratulate the government upon at least cutting the rate in half, and I hope that in time they may be able to wipe it out alto-

gether. When the cut in the rate was announced I received communications from fishermen on the Pacific coast who told me to bring a message to the Liberal chieftain and the government stating that they were pleased to see the adjustment brought about for which they have been working for the past few years. I hope the government will make further efforts towards removing the duty altogether, and putting halibut on the free list.

Mr. BENNETT: What are the rates under the new arrangements with the United States for the importation of fresh halibut?

Mr. DUNNING: One cent.

Mr. BENNETT: The same as our own?

Mr. DUNNING: Yes.

Mr. BENNETT: It is a reciprocal rate?

Mr. DUNNING: Yes.

Mr. BENNETT: What was it previously?

Mr. DUNNING: Two cents.

Mr. BENNETT: And before the Fordney-McCumber tariff, what was it?

Mr. DUNNING: Two cents.

Mr. BENNETT: What are our exports? I believe all the halibut from this country went to the United States, and no halibut to speak of is shipped from the eastern coast. Practically all of it comes from the Pacific coast.

Mr. DUNNING: Last year there were 26,205 hundredweight shipped to the United States, valued at $230,000.

Mr. BENNETT: Fresh?

Mr. DUNNING: Yes, fresh halibut.

Mr. STEWART: Are there any imports of halibut?

Mr. DUNNING: Yes; my figures are reduced to pounds. From the United States we imported 40,000 pounds, valued at $3,000, and from Newfoundland, 208,000 pounds, valued at $18,000.

Mr. BENNETT: Did Newfoundland get the benefit of this rate?

Mr. DUNNING: The British preferential is free at the present time.

Mr. BENNETT: But the minister will recall that there is some question about Newfoundland. Does Newfoundland get the benefit of the free rate or the cent rate? I should think it would be free.

Mr. DUNNING: Yes.

Mr. BENNETT: I am not sure about it.

Mr. DUNNING: All products of the fisheries of Newfoundland are free.

Mr. BENNETT: Yes, but the minister will remember some question was raised about it. There is not a very firm foundation, but I assume it is on a free basis.

Mr. DUNNING: Yes.

Mr. NEILL: From which coast do importations come, the Pacific or the Atlantic?

Mr. DUNNING: I have no way of identifying the ports at which the 40,000 pounds entered.

Mr. BENNETT: I think it is admitted that practically all the exports go from the Pacific coast.

Mr. DUNNING: Yes.

Mr. BENNETT: As I heard the hon. member I thought he said that the value of exports of halibut amounted to $230,000.

Mr. DUNNING: I said $230,000 represented the value of exports to the United States only. To the United Kingdom we exported 22,516 hundredweight, valued at $208,000.

Mr. BENNETT: That would total what amount?

Mr. DUNNING: It is $447,000 worth, or nearly 50,000 hundredweight.

Mr. BENNETT: Nearly $450,000 worth?

Mr. DUNNING: Yes, in total exports.

Mr. BENNETT: Is not the hon. member for Skeena in error when he states that it means $70,000 to the fishermen? The total value is $450,000, and the reduction of duty is from two cents to one cent, or a fifty per cent reduction.

Mr. HANSON: The total output of Canadian fishermen is between 6,000,000 and 7,000,000 pounds. Whether it is sold in Canada or the United States or elsewhere they have been under a handicap of two cents per pound, as compared with American fishermen. That amount of fish could not be consumed in Canada and consequently has to be exported. I am not saying what we shipped to the United States, but the fact is that we had to look to that market or to Great Britain.

Mr. BENNETT: Then it costs the consumer a cent a pound more?

Mr. HANSON: The fishermen will get one cent per pound more.

Mr. ROWE (Dufferin): And perhaps that will help the consumer?

Mr. HANSON: At least it helps the producer.

Item agreed to.

Customs tariff—ex 123. Lobsters, prepared or preserved, free.

Mr. BENNETT: Lobsters now enter the United States free.

Mr. DUNNING: Yes, and they are bound on the free list under the agreement.

Mr. BENNETT: We are now reciprocating by giving them free entry into our market. That is the story.

Mr. DUNNING: Yes; that is the story, and the particulars are these. We imported last year from the United States 367 pounds of lobsters, valued at $116; we exported to the United States 8,523 hundredweight, valued at $453,000.

Mr. POULIOT: Are the closed seasons the same in Canada and the United States?

Mr. DUNNING: I am afraid I have not that information. I should add the figures respecting lobsters canned, because they are included in the item. Our production was 116,000 cases of 48 pounds, valued at $2,380,000.

Mr. BENNETT: That is production. How much of that was exported?

Mr. DUNNING: I gave the exports to the United States. To the United Kingdom we exported 27,521 hundredweight, valued at $1,232,000. We have a small export to quite a number of countries, the total export of canned lobsters being 52,912 hundredweight, valued at $2,500,000.

Mr. BENNETT: Practically half of that went to the United Kingdom?

Mr. DUNNING: Yes, approximately half.

Mr. POULIOT: May I ask the Minister of Fisheries whether the closed seasons are the same in Canada and the United States, I mean as regards the time at which they begin to catch lobsters? That is very important if the season is not the same in the United States as it is here in this country, the trade with the United States will not interfere at all with our own.

Mr. BROOKS: Is what is known as the spiny lobster included in this item?

[Mr. Bennett.]

Mr. DUNNING: This is the only lobster item.

Mr. ILSLEY: The spiny lobster has been ruled as a crayfish and is not included in the item.

Item agreed to.

Customs tariff—ex 123a. Shrimps, in sealed containers, 27½ per cent.

Mr. DUNNING: Imports and exports are not separately recorded.

Mr. BENNETT: It merely binds the present rate.

Mr. DUNNING: No; it is a reduction in duty. It is dutiable under the present tariff at 17½ per cent, forty per cent and forty per cent. The new rate is 27½ per cent.

Item agreed to.

Customs tariff—124. Oysters, shelled, in bulk, 5 cents per gallon.

Mr. DUNNING: This is a reduction. The former rates were seven cents under the British preference, nine cents under the intermediate and ten cents per gallon under the general tariff. Under this item New Zealand has by virtue of her trade agreement a fixed rate of five cents per gallon, but with no guaranteed margins of preference.

Mr. BENNETT: What is the United States duty against our shelled oysters?

Mr. DUNNING: Free.

Mr. BENNETT: The whole year?

Mr. DUNNING: They have agreed to bind the free entry presently accorded to oysters.

Mr. ROBICHAUD: What quantity of oysters do we import from the United States?

Mr. DUNNING: In bulk, shelled, 105,000 gallons, valued at $162,000 in 1935.

Mr. ROBICHAUD: Personally I should like to see an absolute embargo on the entry into Canada of the bluepoint so-called oyster, not because of competition—I am not afraid of competition—but because they are a misrepresentation and a fraud upon our famous Buctouche and Aldouane oysters. They are really not oysters at all. They do not taste like oysters. They look more like quahaugs or clams, and when people eat them they say, "If those are oysters we won't buy any more." They are therefore injurious to our Buctouche and Aldouane oysters.

Item agreed to.

Customs tariff—ex 133. Lobsters, fresh, free.

Mr. DUNNING: This is a reduction. The present duties are fifteen per cent under the British, twenty per cent under the intermediate and twenty-five per cent under the general tariff.

Mr. BENNETT: Do we get free entry for lobsters?

Mr. DUNNING: We get free entry for Canadian lobsters.

Mr. BENNETT: What was the rate?

Mr. DUNNING: They are free. We imported from the United States last year fifty pounds of fresh lobsters, valued at $15, and we exported to the United States 99,000 hundredweight, valued at $1,629,000.

Mr. BENNETT: Is not this the issue? Why should we have done this if we do not expect the Americans to do some more trading in lobsters in our market? There is no purpose at all.

Mr. DUNNING: The purpose is to ensure the continuance of the free entry of our lobsters into the United States for three years.

Mr. BENNETT: Although they did most of the buying last year. We bought only a trifling quantity from them.

Mr. STEWART: How long have we had the right of free entry into the United States?

Mr. DUNNING: I cannot answer that offhand.

Mr. POULIOT: This is most important, because the United States could get deep sea lobsters from Bermuda and other places. They encourage our trade and they should be given consideration therefor.

Mr. BROOKS: Is it not a fact that very few lobsters are caught in the United States?

Mr. DUNNING: That is right.

Mr. BROOKS: The maritimes and Newfoundland are the main sources of supply. The United States want our lobsters.

Mr. DUNNING: Yes; and if they want free entry, what is the matter?

Mr. BROOKS: They have nothing to enter.

Item agreed to.

Customs tariff—ex 133. Scallops, fresh but not frozen, free.

Mr. DUNNING: This is a reduction. Scallops are at present dutiable, fifteen per cent under the British preference, twenty per cent under the intermediate and twenty-five per cent under the general tariff. Under schedule II the United States guarantee the free entry of Canadian scallops, fresh but not frozen, the product of Canada. Our exports to the United States last year were 584,000 pounds, valued at $103,000.

Mr. STEWART: What were our imports of scallops for the same period?

Mr. DUNNING: The imports are not separately recorded; they are included in a bulk item.

Mr. STEWART: From what countries do we get them?

Mr. DUNNING: We do not.

Mr. STEWART: No imports?

Mr. DUNNING: Nothing to speak of.

Item agreed to.

Mr. DUNNING: I think we have made fair progress and I move that the committee rise, report progress and ask leave to sit again.

Mr. BENNETT: Will the minister be prepared to give us evidence of values and information of that kind in connection with the next item?

Mr. DUNNING: I shall try to be as fully prepared as possible.

Progress reported.

On motion of Mr. Mackenzie King the house adjourned at 10.55 p.m.

END OF VOLUME I.